



# MODERN BOOKKEEPING

...and...

## BUSINESS PRACTICE



By S. T. WILLIS

1907

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**Grade One**  
—  
**...THE...**  
**Foundation**

## LESSON ONE.

The object of BOOKKEEPING or ACCOUNTING is to preserve a record of business transactions in such a manner as will show the progress and results of the business.

The RECORDS are made in different kinds of BOOKS suited to the particular business.

There are TWO GENERAL SYSTEMS OF BOOKKEEPING, known as SINGLE ENTRY and DOUBLE ENTRY.

As Single Entry is the easier of the two to understand, you are to be introduced to that method first. It is in use in many retail stores and shops and by all who do not care to keep the more complete system of Double Entry.

IN SINGLE ENTRY usually but one debit or credit is required in connection with each transaction as it affects a PERSONAL ACCOUNT.

An ACCOUNT is a collection of items of debit and credit so arranged as to show a definite result.

DEBIT and DEBTOR. If you purchase a hat from a merchant and do not pay for it at the time you receive it, you owe the merchant for it. You are in his debt. You are his DEBTOR, and he CHARGES or DEBITS you in his books. When you pay him he then credits you.

CREDIT and CREDITOR. On the other hand, the merchant trusts you. You get CREDIT from him. You CREDIT him in your account with him because you owe him. He is your CREDITOR. When you pay him you debit him to offset the credit entry because you get out of his debt.

In an Account there are two sides, Debit and Credit; so that, when you purchased the hat on credit, in your account with the merchant you would credit him, and when you paid him you would debit him.

### PROBLEM.

On January 1 you purchased goods to the value of \$25 from Jones & Smith. On January 10 you paid them \$10 on account. On January 15 you purchased \$15 worth of goods. On January 20 you paid \$10 on account, and on January 30 you paid \$10 more. How much do you still owe Jones & Smith?

### A SIMPLE SOLUTION.

Payments or Debits	Purchases or Credits	Total purchases . . . . .	\$10
\$10	\$25	Total payments . . . . .	30
10	15		
10		Balance due	
		Jones & Smith . . . . .	10
30	40		

In an Account in the BOOK OF ACCOUNTS or LEDGER this problem would appear in the following form, arranged according to the same definition of Debit and Credit as given above:

### JONES & SMITH.

1909				1909			
Jan. 10		10		Jan. 1			25
" 20		10		" 15			15
" 30		10					
" 31 Balance (red)		10					
			40				40
				Feb. 1		Balance	10

It is a settled rule in bookkeeping to place the debits on the left hand side of the account and the credits on the right hand side.

The foregoing sample of an account with a creditor shows the method of BALANCING, when such is required. Usually personal accounts are permitted to run on until settled in full. When transferred to a new page the totals of the two sides are carried forward to the new page.

Note how the following business transactions are entered up, and copy the account neatly on a sheet of ledger paper:

Jan. 2, Bought bill of Merchandise from R. H. Williams & Co., Montreal, Que., \$450. 5, Bought bill of \$215. 10, Sent them a cheque for \$200 on account. 15, Sent them a Bank Draft for \$300. 20, Bought another bill of \$800. 22, Returned goods amounting to \$35.50 which were not satisfactory (Debit same as for a payment on account). 25, Sent them a cheque for \$500. 28, Sent them a cheque for \$300. Balance the account.

### R. H. WILLIAMS & CO.,

1531 Craig Street, Montreal, Que.

1909					1909				
Jan.	10				Jan.	2			
"	15				"	5			
"	22			50	"	20			
"	25		500						
"	30		300						
"	31	Balance ( <sup>red</sup> <sub>ink</sub> )	129	50					
			1465		Feb.	1	Balance		1465
									129 50

### ORDER OF CLOSING AN ACCOUNT.

1. Add each side, placing the total in very small pencil figures close under the last amount so as not to interfere with the placing of the next item on the line following.
2. Find the difference between the two sides.
3. Enter the difference in RED ink on the smaller side, writing the word "Balance," also in red, in the wide explanation column.
4. Enter the totals on the same line on both sides.
5. Bring the balance down in black ink on the opposite side to that on which it has been entered in red.
6. Rule the account as shown— a single line under money columns added, double line below totals and across all columns except wide explanation column.

### EXERCISE.

After entering up the foregoing, continue the account without skipping any lines, entering up the following transactions:

Feb. 1, Balance due Williams & Co. as brought down from January. 2, Paid them the balance due. 4, Received another lot of goods billed at \$1541.50. 5, Returned \$73.25 worth as not being satisfactory. 9, Sent them a cheque for \$500. 11, Sent them another cheque for \$500. 15, Bought another bill of goods from them worth \$342.65. 18, Some of the goods in last order not being in good condition, they have agreed to allow us a rebate or reduction of \$7.85. (Same entry as for a payment by you on account). 20, Sent them a Bank Draft for balance due on bill of Feb. 4, \$468.25. Sent them a cheque for \$250.

Close the account and bring down balance.

After having your work approved by your teacher, continue the account by entering up the following:

March 2, Received goods from them invoiced at \$1573.41. 3, Complained that goods billed at \$42.83 are not as ordered. 6, Received word from them to ship back the goods which are not as ordered. 9, Sent them a cheque for \$750. 18, Sent them a cheque for \$500. 21, Received another lot of goods invoiced at \$478.92. 25, Sent them a cheque for \$500. 31, Sent them a certified cheque for the balance due them.

Close the account.

Have your work approved.

## LESSON TWO.

Goods are usually bought and sold on certain "terms." It may be agreed that the purchaser is to have so days' time from date on the invoice or bill, and if he wishes to pay before that time he may be allowed a discount.

When entering the item in the account the terms should be placed in the explanation column—the wide one following the date column.

The date of the invoice, not the date on which it is received, should be entered in the account, so that the date for paying may be readily determined.

### A BILL OR INVOICE.

The form in which a Bill or Invoice is made out is shown herewith. It is the invoice you are supposed to receive for the first purchase of the exercise following. Make a neat copy of it.

**OTTAWA, ONT., Jan. 2nd, 1909.**

*Mr. B. A. Student,*

*102 Sparks Street, City.*

**Bought of R. W. MOORE & CO.,**

**Wholesale Grocers and Flour Merchants,**

**78 QUEEN STREET.**

TERMS: On account 10 days.

55 bbls. Flour,	4 <sup>00</sup>	220	
30 " Mess Beef,	6 <sup>00</sup>	180	400

### EXERCISE.

Open an account with R. W. Moore & Co., 78 Queen Street, Ottawa, and enter up the following:

Jan. 8, Received goods invoiced Jan. 2, as shown above, on 10 days' time, \$400. 10, Received goods for invoice dated Jan. 6, \$250, on 15 days' time. 12, Sent them cheque in full of invoice of Jan. 2.

As your money is kept in the bank, being deposited there every day, you will pay most of your bills by an order on the bank—a cheque—as shown in form here-with. Make a copy of it.

No.

OTTAWA, ONT., Jan. 12, 1909.

### The Bank of Ottawa, Ottawa.

*Pay to R. W. Moore & Co.,* —————— or Order, \$400<sup>00</sup>

*Four Hundred and*  $\frac{00}{xx}$  *Dollars*

B. A. STUDENT

Jan. 10, Received goods for invoice dated Jan. 10, \$365.50, payable by note at 60 days. 17, You gave them your note at 60 days in payment of invoice of Jan. 10 as arranged.

A Promissory Note is your written promise to pay the amount stated at a certain future date. By giving Moore & Co. your note, they have a commercial instrument upon which they can borrow money readily. It is a written evidence of your debt to them requiring no proof to support it, and it fixes a time and usually a place for payment. Your note will be made out as follows: (Make a copy of it).

No.

OTTAWA, ONT., Jan. 17, 1909.

*Sixty days after date I promise to pay to the order of*

*R. W. Moore & Co.,* —————— \$365<sup>50</sup>

*Three Hundred Sixty-five and*  $\frac{50}{xx}$  *Dollars*

*at the Bank of Ottawa here, for value received.*

*Due March 21.*

B. A. STUDENT.

Notice that in determining the due date 63 days have been counted. Three

extra days, called Days of Grace, are allowed in Canada on all notes and drafts that are not payable on demand.

Jan. 20, Received goods for invoice dated Jan. 15, on 10 days' time, \$208.40.  
22, Gave them cheque for invoice of Jan. 6. 24, Received goods for invoice dated  
Jan. 20 on 20 days' time, \$280. 25, Sent them cheque for amount of invoice of  
Jan. 15. 31, Received goods for invoice dated Jan. 27, on 30 days' time, \$110.

Foot the account in pencil. What is the balance owing by you to Moore & Co.?

As it is customary for merchants to send out statements of account at the end of every month, you wou'd receive the following statement from Moore & Co. Compare it with your account with them. Make a neat copy of it.

**MONTHLY STATEMENT**

OTTAWA, Ont., Jan. 31st, 1909

*Mr. B. A. Student,*

*102 Sparks Street, City.*

## In Account with R. W. MOORE & Co.

## **Wholesale Grocers and Flour Merchants.**

## 78 QUEEN STREET.

Feb. 8, Sent cheque for invoice of Jan. 20. 10. Received goods for invoice dated Feb. 5 on 20 days' time, \$283.10. 13. Accepted their draft at 10 days' sight in full for invoice of Jan. 27. This means that Moore & Co. have drawn on you, or requested you to agree in writing to pay the Bank of Ottawa on their account in ten days, plus three days of grace. When you agree to this by writing your acceptance on the face of the draft, you should debit them just as you did in the case of the note you gave them in January. The draft as drawn by them would appear as follows:

No.

OTTAWA, ONT., Feb. 12, 1909.

Ten Days after sight pay to the order of the  
**BANK OF OTTAWA** \$410<sup>00</sup>

Four Hundred Ten and <sup>00</sup><sub>xx</sub> Dollars

Value received, and charge to account of

To B. A. STUDENT,  
102 Sparks Street, City. }

R. W. MOORE & CO.

Across the face of this draft you should write in red ink: "Accepted, Feb. 13, 1909," followed by your signature. The accepted draft is called an ACCEPTANCE, and has the same force as a note, being now your promise to pay the amount stated. Prior to acceptance it is merely a request. Make a copy of the draft with the acceptance written across the face.

Feb. 15, Received goods for invoice of Feb. 10, terms: on acct., ten days, \$256.50. 18, Received goods invoiced Feb. 13, terms: note at 30 days, \$185.40. 19, Send note at 30 days according to terms of invoice received yesterday. Write the note. 24, Sent them cheque in full for invoice of Feb. 10. 28, Received goods for invoice of Feb. 23 on 30 days' time, \$310.

Pencil foot the account. What is the balance due Moore & Co.?

A LIABILITY is a debt owed by you. The balance of Moore & Co.'s account, therefore, represents a liability.

You will see that the object of keeping Liability Personal Accounts is to show the amounts due Creditors.

Continue the account.

March 1, Sent them cheque for invoice of Feb. 5. 2, Received goods for invoice of March 1, on account 10 days, \$260.25. 3, Sent them 30-day note in full for invoice of Feb. 23. Write the note. 5, Received goods for invoice dated March 2, 30 days, \$678.53. 6, Charge them with an error of \$6.37 overcharge on invoice received yesterday. 8, Return goods to the amount of \$30, billed March 1, as not up to sample. 9, Received goods for invoice dated March 7, on acct. 10 days, \$285. 10, Sent cheque for invoice of March 1 (deduct amount of goods returned). 15, Accepted their draft at 30 days dated March 2, in payment of correct amount of invoice of that date. 16, Sent them cheque for invoice of March 7. 25, Received goods for invoice of March 22 on 30 days' time, \$268.50. 31, You gave them your note for last invoice, making it for 30 days. Write the note.

As the account is closed, total and rule it.

Present your work for approval

### LESSON THREE.

**RESOURCE PERSONAL ACCOUNTS** are kept to show the amounts due by customers - those to whom you sell.

Note how the following transactions are entered up in the account with F. C. May, he being debited in the account for his purchases and credited for his payments and goods returned by him:

Sept. 1. Sold him on account at ten days goods billed herewith.

OTTAWA, ONT., Sept. 1, 1909.

*Mr. F. C. May,  
Almonte, Ont.*

**Bought of B. A. STUDENT,**

102 SPARKS STREET

Terms: Ten days net.

30 bbls. Flour,	6 <sup>90</sup>	180
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Make a copy of this bill.

Sept. 8. Sold him on account, 15 days, goods to the amount of \$125.50. 10. Sold him a horse for \$125, for which he agrees to pay in a day or two. 11. Received his cheque in payment of bill of Sept. 1. 12. Received cash in payment for the horse. 16. Sold him a bill of goods, \$80, for which he agrees to give his note at 30 days. 22. Received his note at 30 days for last bill. 23. Received cash \$75 on account of invoice of the 8th. 30. Sold him a bill of goods of \$180 on account 10 days.

**F. C. MAY.**

*Almonte, Ont.*

1909				1909			
Sept.	1	10 days	180	Sept.	11		180
"	8	15 "	121 50	"	12		125
"	10	2 "	125	"	22		80
"	19	Note 30 das	80	"	23		75
"	30	10 days	180				160

The difference between the two sides of the account, \$220.50, is the balance owing by Mr. May.

Render him a Statement of Account as illustrated in Lesson 2, and have it approved by your teacher. Enter up the transactions for September as above.

Continue the account, entering up the transactions for October.

Oct. 1. Received cheque for balance due on invoice of Sept. 8. 5. Sold him bill of goods on 30 days \$180. 10. Received cheque for invoice of Sept. 30. 12. Draw on him at 30 days' sight through your Bank for invoice of the 5th. Make out the draft as shown herewith.

No 1.

OTTAWA, ONT., Oct. 12, 1909.

*Thirty days after sight pay to the order of the  
BANK OF OTTAWA* \$180<sup>00</sup>

*One Hundred Eighty and* xx *Dollars*

*Value received, and charge to account of*

To F. C. MAY,  
Almonte, Ont.

B. A. STUDENT.

Oct. 15. Sold him bill of goods, \$185.75, on acct. 10 days. 18. Sold him bill of goods, \$240, on 60 days' credit. 19. Received his note for last bill. 25. Received his cheque for sale of 15th. 31. Sold him bill of goods, \$190, terms: on acct. 10 days.

Pencil foot the account. Render statement. The first debit item in this statement should be "Sept. 30, To Balance, Statement rendered, \$226.50."

Nov. 2. Mr. May returns \$23 worth of goods sold him on the 31st ult. as unsatisfactory. 4. Sold him bill of goods, \$168.20, on acct. 10 days. 10. Received cheque for bill of Oct. 31 (deduct returned goods). 12. He complains of an overcharge of \$10 on bill of 4th inst., which you allow. 14. Received a cheque for corrected amount of bill of 4th. 20. Sold him bill of goods, \$210.40, terms: on acct. 10 days. 28. Sold him bill of goods, \$80, on acct. 10 days. 30. Received cheque for bill of 20th.

Pencil foot the account. Render statement.

Dec. 3. Sold him bill of goods, \$142.80, on acct. 10 days. 8. Received his cheque for bill of Nov. 28. 14. Sold him bill of goods, \$174.25, on acct. 10 days. 16. Discover error in amount of last bill which should be \$184.25. Send him notice to this effect enclosing corrected bill. 21. Received cheque for bill of 14th. 22. Sold him a wagon for \$60. 30. Received his cheque for the wagon.

Balance the account.

Have your work approved.

#### LESSON FOUR.

##### PROPRIETOR'S INVESTMENT or CAPITAL ACCOUNT.

An account representing the interest of the proprietor in the business is kept to show his investments, withdrawals, and net investment (also called Present worth, or net capital), and net insolvency at the time of closing the books.

The proprietor's investment account is credited for all investments and the net gain, and is debited for all withdrawals and net loss at closing, if any. If liabilities are assumed by the business on commencing, his account should be debited for them.

At closing, after entering the gain or loss for the period, if the credit side is the larger, investments exceeding withdrawals, the balance represents the proprietor's PRESENT WORTH or NET CAPITAL. Were he to dispose of all his resources and pay off all his liabilities, he would have in hand the amount shown by the balance of his account.

If the debit side be the larger after entering the loss or gain, the balance shows his NET INSOLVENCY. Were he to convert the resources into cash he would not have sufficient to pay off all of the liabilities, but would be short the amount shown by the net insolvency balance.

Note how the following transactions are entered up and the method of balancing the Proprietor's account :

Jan. 2, 1906. You begin business investing cash \$5000. You owe a note of \$1000 which you wish to have paid by the business when it becomes due. Feb. 1. You invest \$1000 more. March 1. You drew out \$300. May 10. You invest \$100. July 1. You withdrew \$200. Sept. 8. You withdrew \$200. Nov. 25. You invest \$1000. Dec. 20. Withdraw \$300. Dec. 31. You find your net gain for the year's business to be \$1850.

#### B. A. STUDENT, Proprietor.

1909		1909		
Jan.	2	Jan.	2	5000
Mar.	1	300	Feb.	1000
July	1	200	May	100
Sept.	8	200	Nov.	1000
Dec.	20	300	Dec.	1850
"	31	PresentWorth <small>(red ink)</small> 6950	Net Gain	
		8950		8950
			1910	
			Jan.	1 PresentWorth
				6950

A Private Account for small withdrawals and private expenses may be kept with the proprietor. This will be illustrated later on.

You will notice that the proprietor's account is treated in the same way as a regular personal account. He is in reality a creditor of the business. The business owes him the amount of his investment. If there is a deficiency—insolvency—he owes the business.

The proprietor's account is closed whenever the loss or gain is ascertained and adjusted, which is usually at least once a year. In some cases the books are closed more frequently.

When there are two or more proprietors, thus forming a partnership, a separate account is kept for each and each is credited for his SHARE of the gain, or debited for his share of the loss as the case may be. A private account would also be kept for each.

Enter up the above transactions and properly balance and rule the account, bringing down the present worth or net capital. Then continue the account by entering up the following transactions:

Feb. 1. Withdraw for private use \$75. March 12. Took goods for home use, \$35.50. April 25. Gave cheque for suit of clothes, \$28. April 30. Withdraw for private use \$100. May 3. Withdraw \$2000. May 29. Withdraw \$50. June 30. Withdraw \$75 for private use. July 28. Withdraw for holiday trip \$150. Oct. 20. Paid for horse and driving outfit for private use \$225. Dec. 22. Withdraw \$200. Dec. 31. Net gain for year \$2398.45.

Balance the account and bring down present worth. Continue the account.

Jan. 8, 1911, Withdrew \$2000. Feb. 8, Withdrew for personal expenses \$75. April 15. Paid a personal bill from the cash drawer, \$31.50. July 1. Withdrew for personal expenses \$175. Sept. 3. Paid house rent by business cheque, \$150. Nov. 17. Paid a private note from the business cash, \$163.50. Nov. 23. Suffered considerable loss to the stock by fire, which now places the business in a hazardous position. Dec. 21. Net loss for the year was \$3978.50.

Balance the account, bringing down balance "Net Insolvency." Continue the account.

Jan. 10, 1912, Disposed of the horse and outfit for \$200, and invested this amount in the business. Feb. 20, Invested private note against R. A. Johnston for \$300. March 31, Withdrew for private use \$175. Sept. 4, Withdrew \$100. Nov. 7, Withdrew for private expenses \$150. Dec. 31, Net Gain for the year, \$3186.50.

Balance the account and bring down present worth. Have your work approved

## LESSON FIVE.

In this lesson you are to receive a further drill in personal accounts. Follow the directions carefully and endeavor to hand in only neat, accurate work. Take pride in doing beautiful work.

Open the following accounts, placing four on a page:

Your own account as proprietor.

Creditor's accounts: Wilson & Co., Pembroke, Ont.; R. A. Jackson & Co., Hull, Que.; Ames & Williams, 650 Wellington St., Ottawa, Ont.

Customers' accounts: J. C. Jones, 100 Sparks Street, Ottawa; A. C. Packard, 220 Wellington Street, Ottawa; J. M. Wall, 103 Bank Street, Ottawa; F. W. Blair, Lachute, Que.; R. W. Graham & Co., Brockville, Ont.; H. A. Stewart, Smith's Falls, Ont.

Record the following transactions in your ledger accounts:

June 1. You begin business at 120 Bank Street, Ottawa, investing \$5000. 4. Received goods from the following, invoice June 1: Wilson & Co., Pembroke, Ont., on account 10 days, \$594.34; R. A. Jackson & Co., Hull, Que., on account 10 days, \$378.50. 5. You have made the following sales today: J. C. Jones, city, on account 10 days, 20 bbls. Flour @ \$5, 10 bbls. Pork @ \$6.50; A. C. Packard, city, on account 10 days, 1 ton Bran @ \$20, 3 tons Pressed Hay @ \$17, and 10 bbls. Flour @ \$5. 6. Sales today: J. M. Wall, city, terms note at 30 days, 20 bbls. Flour @ \$5, 20 bbls. Pork @ \$6.50; F. W. Blair, Lachute, Que., terms note at 60 days, 10 bbls. Flour @ \$5, 12 bbls. Pork @ \$6.50. 8. Received goods for invoice dated June 7, from Ames & Williams, city, on account 10 days, \$685.40. 9. Received notes from Wall and Blair for bills of the 6th. Sent cheques to Wilson & Co., and Jackson & Co., for amount of invoices of June 1. 15. Sales today: J. M. Wall, city, terms 10 days, 3 tons Bran @ \$20, 5 tons Pressed Hay @ \$17, 10 bbls. Pork @ \$6.50, 15 bbls. Flour @ \$5; F. W. Blair, Lachute, Que., terms note at 30 days, 8 bbls Pork @ \$6.50, 15 bbls. Flour @ \$5, 3 tons Bran @ \$20; R. W. Graham & Co., Brockville, Ont., terms on account 15 days, 2 tons Pressed Hay @ \$17. Received cheques from Jones and Packard for bills of the 5th. 17. Received goods for invoice dated June 12, from Wilson & Co., Pembroke, Ont., on account 20 days, \$498.50. Received note from F. W. Blair for goods shipped him on the 15th. Sent Ames & Williams a cheque for invoice of the 7th. 22. Sales today: J. C. Jones, city, on account 10 days, 20 bbls. Pork @ \$6.50; A. C. Packard, city, on account 10 days, 15 bbls. Flour @ \$5, 1 ton Pressed Hay @ \$17. 23. A. C. Packard returned the Pressed Hay delivered to him yesterday as not being what he ordered. 25. Received cheque from J. M. Wall for bill of 15th. 28. Received goods for invoice dated June 23, from R. A. Jackson & Co., Hull, Que., on account

to days, \$740.30; 26. You returned 3 bbls. flour at \$5.50. Pork to Jackson & Co., as not being in good condition. 30. Received cheque from R. W. Graham & Co., for bill sold them on the 15th. They also enclose an order at 15 days for 10 tons Pressed Hay which you have filled. Other sales today: H. A. Stewart, Smith's Falls, on account 15 days, 10 bbls. Flour @ \$5.50 per bbls. Pork @ \$6.50, 3 tons Pressed Hay @ \$17; J. M. Wall, city, on account 10 days, 2 tons Bran @ \$20, 5 tons Pressed Hay @ \$17.

In order to have a condensed exhibit of the ledger that will show just how the accounts stand, make out a statement showing the balances of the accounts according to the form given herewith. The figures in the column preceding the names of the accounts are the folios (pages) of the ledger on which the accounts appear.

### LEDGER STATEMENT, JANUARY 31, 1909.

INVESTMENT.			
1	B. A. Student,		4800
ACCOUNTS PAYABLE.			
1	L. W. Williams,	743	50
1	Forbes & Smith,	250	00
ACCOUNTS RECEIVABLE.			
2	Fellows & Co.,	148	80
2	A. C. Millions,	253	69
2	L. C. Cummings,	378	40
3	H. F. Price,	192	70
		973	59

Assuming that it is desired to adjust the gain for a month, you will enter the net gain, as \$138.18 in your investment account. Close it and bring down the present worth.

As before stated, books are usually closed only once or twice a year, but you will, in your practice work, close more frequently in order to get a thorough drill in that feature of bookkeeping.

Have your work approved. Continue the exercise.

July 2. You withdrew \$200 from the business. Received cheques from Jones and Packard for bills of June 22. (Deduct from Packard's bill amount of goods returned on the 23rd). Sent Wilson & Co. a cheque for invoice of June 12. 3. Received goods invoiced July 2, from Ames & Williams on account 10 days, \$548.30. Sent cheque to Jackson & Co. for invoice on the 23d, \$8.48, amount of goods returned, 5. Sales today: J. W. Blair, on account 10 days, 5 bbls. Pork at \$6.50, 10 bbls. Flour @ \$5.50, 1 ton Press'd Hay @ \$17; J. C. Jones, on account 10 days, 1 ton Bran @ \$20, 3 tons Press'd Hay @ \$17, 16 bbls. Pork @ \$6.50, 7; A. C. Packard, on account 15 days, 10 bbls. Flour @ \$5.50, 15 bbls. Pork @ \$6.50, 2 tons Bran @ \$20; R. W. Graham & Co., on account 15 days, 10 tons Press'd Hay @ \$17, 20 bbls. Flour @ \$5.50. J. W. Blair reports a shortage of 2 bbls. of Flour on his purchase of the 5th. Received cheque from J. M. Wall for bill of June 30th, 10. Received goods invoiced July 8, from R. A. Jackson & Co., on account 30 days, \$18.22. To Santa Claus, 1 ton Bran @ \$20, 1 ton Bran @ \$17, 15. Sales today: J. M. Wall, on account 20 days, 10 bbls. Pork @ \$6.50, 1 ton Bran @ \$20, 2 tons Press'd Hay @ \$17; A. C. Packard, on account 10 days, 3 tons Press'd Hay @ \$17, 20 bbls. Flour @ \$5. Received cheques from Blair and Jones

for bills of the 5th. (Deduct \$10 overcharge on Blair's bill). 16, You paid a private debt by cheque, \$25. Received cheque from R. W. Graham for bill of June 30th. 19, You purchase a delivery wagon from J. C. Jones @ \$80. 20, Gave Jones a cheque for the wagon bought yesterday. 21, Received cheque from H. A. Stewart for bill of June 30th. 22, Received cheque from A. C. Packard for bill of July 7. 23, Received cheque from R. W. Graham for bill of the 7th. 24, Received cheque from A. C. Packard for bill of 13th. 26, Sold H. A. Stewart, terms note 30 days, 2 bbls. Pork @ \$0.50, 3 bbls Flour @ \$5, 1 ton Pressed Hay @ \$17. 27, Sold R. W. Graham & Co., on account 10 days, 1 ton Bran @ \$20, 2 tons Pressed Hay @ \$17, 5 bbls. Flour @ \$5. Received goods invoiced July 26 from Wilson & Co., \$640.84. 28, Received note from H. A. Stewart for bill of 26th. Wilson & Co. have drawn on you at 10 days' sight for \$300 on account of last purchase from them, and you have accepted the draft. Received goods invoiced July 28 from Ames & Williams, terms on account 10 days, \$480.40. 30, Sales today, J. C. Jones, on account 15 days, 15 bbls. Flour @ \$5, 10 bbls. Pork @ \$0.50, 3 tons Pressed Hay @ \$17; F. W. Blair, on account 10 days, 1 ton Bran @ 20, 2 tons Pressed Hay @ \$17, 6 bbls. Flour @ \$5; A. C. Packard, on account 20 days, 25 bbls. Flour @ \$5, 15 bbls. Pork @ \$0.50, 3 tons Pressed Hay @ \$17. 31, You pay by cheque a private account, \$18.50.

Make out a ledger statement showing balances of open accounts.

A gain of \$180.25 having been made for the month, enter it in your investment account and close the account. Bring down balance. Have your work approved.

## LESSON SIX.

### THE CASH ACCOUNT.

In order to keep a record of the cash received and paid out, an account may be kept for that purpose.

Under the heading "Cash" will be included money, cheques, bank drafts, and post office, express and telegraph money orders.

All cash receipts will appear on the debit side of the cash account, and all payments on the credit side. The difference at any time will show the balance of cash on hand. The debit side will be the larger if you have any money on hand. As you cannot pay out more money than you receive, the credit side can never be larger, except where you overdraw your bank account.

Note how the following transactions are entered up in the Cash account shown:

May 1, You, as proprietor, invested in the business, \$5000. 2, Paid rent of store for one month by cheque, \$60. 3, Paid for set of books, \$8. 7, Gave Wilson & Co. cheque for \$295 in payment of last invoice. 10, Received cheque for \$243.50 from J. C. Jones on account. 11, Received from L. M. Loux \$75 on account. 15, Sold for cash goods to the amount of \$49.50. 20, Loaned T. H. Smith \$10. 24, Paid Jackson & Son's invoice of the 3d inst. by cheque, \$278.40. 30, Received cheque from Fleming & Co. for \$310.50 on account. 31, Received cheque from F. R. Caldwell for \$247.25 in full of account. You withdrew \$50 for private use.

What is the balance of cash on hand (in till and bank)?

**CASH**

1909				1909			
May	1			May	2		
"	10	5000	50	"	3		60
"	11	243	50	"	7		8
"	15	75		"	20		205
"	30	49	50	"	24		10
"	31	310	50	"	31		278
		247	25	"			40
				"	31	Balance	50
						red ink	5224
							35
				5925	75		
							5925
							75
June	1	Balance		5524	35		

Note that all receipts are entered on the debit side and all payments on the credit side. The balance—the difference between receipts and payments—is written in red on the credit or smaller side, and after totaling is brought down on the debit side. As this balance is the excess of receipts over payments, it is proper that it appear on the debit side of the new account for June. Subsequent receipts will increase it and payments will diminish it. The account as balanced above is now ready to receive the entries for June. The first receipt will be entered on the line next following the balance. The first payment will be entered on the first line on the credit side.

**PROVING CASH.** In business it is customary to prove the cash at the close of every day. The difference between the two sides of the account—the balance—should equal the amount in the bank plus what is in the till. The account is balanced once a month or oftener, as desired.

**EXERCISE.**

Open a cash account on a page of ledger paper and enter up the following cash transactions:

Jan. 1. You invest \$2500. Paid a month's rent in advance by cheque, \$50.  
 3. Paid for office books, \$7. 5. Paid A. D. Hampton by cheque, \$250, on account.  
 8. Received cheque from A. P. Stuart on account, \$258.63. 10. Received cash for mdse., \$75.49. 12. Paid R. A. Nunn & Sons for invoice of the 3rd, \$347.51. 14. Received cheque from W. C. Smith for bill of the 2nd, \$210.23. 16. Received cash for sale of goods, \$12.10. 19. Received cash from A. J. Barrett in full of his note, \$220.40. 22. Paid your note favor F. H. Wilson for \$349.62. 24. Received cheque from R. E. Forrest for \$108.41. 26. Received Express Money Order from R. Walters for \$42.15 on account. 29. Loaned A. J. Stephens \$15. 30. Paid A. F. McDonald \$415.10 by cheque. 31. Received cheque from A. Spencer for \$124.11 on account.

Prove your cash. You have in the bank \$2241.32, and in the till \$95.98. Balance the account and bring down the balance below the ruling.

Feb. 2. Received cheque from J. C. Jones on account, \$148.60. 3. Received cash for mdse., \$92.14. 5. Received cheque from L. M. Loux on account, \$249.75. 7. You withdrew for private use, \$100. 9. Received cheque from F. M. Johnson in payment of his note for \$221.97. 10. Paid your note favor Wilson & Co. by cheque, \$248.72. 12. Received cash from A. J. Stephens for the \$15 loaned him last month. 13. Paid Jackson & Co. by cheque, \$17.92. 17. Paid for advertising, \$25. 19. Received cheque from R. F. Caldwell in full of account, \$78.90. 21. Paid insurance premium, \$20.35. 23. Received cash for mdse. sales, \$161.40

24. You gave a donation of \$10 to the city hospital. 26. You purchased a bank draft for \$248.43 and remitted it to L. R. Fish & Co. for invoice of the 10th (debit Fish & Co.). You paid the bank 62 cents exchange on the draft. 27. Received cheque from F. M. Johnson on account, \$100.72. 28. Received cash for mdse. sales, \$120.50.

Prove your cash. You have in the bank \$2603.42, and in the till \$74.8. Balance the account and bring down balance.

#### FORWARDING AN ACCOUNT.

When the space given to an account is filled and it becomes necessary to transfer it to a new page, carry forward the footings of the two sides to the new page. The following shows the form of ruling the account for forwarding:

Mar. 1 21 Forward	3269   50	Mar. 1 21 Forward	3021   98
-------------------	-----------	-------------------	-----------

When one side of the account becomes filled, the two sides must be footed on the same line—the last one.

On the new page your account would now appear as follows:

1909		1909
Mar. 21 Forward	3269   50	Mar. 21 Forward   3021   98

Continue your cash account, and when the page is filled foot and rule in the manner shown and transfer to the next page.

March 2. You admit your teacher as a partner investing \$3000, which he pays into the business. 3. Received cash for sales of mdse., \$170.41. 4. Paid freight on goods, \$5.62. 5. Received cheque from J. C. Jones for \$271.25. 6. Paid Jackson & Co. by cheque \$670.63. 7. Received cash and cheque for sales of mdse., \$361.10. 9. Paid Electric Light bill, \$6.42. 10. Paid for postage stamps, \$2. 11. Received cheque from R. E. Caldwell, \$152.00. 12. Paid your note favor Wilson & Co., for \$450.01. 14. Received cash for sales of mdse., \$200.28. 16. Paid for advertising, \$25. 17. Your teacher (partner) withdraws \$50 for private use. 18. Received cheque from Smith & Co. for \$95 on account. 20. Received cash and cheques for sales of mdse., \$215.49. 21. Paid Ames & Williams for invoice of the 11th by cheque, \$571.45. 23. Received cheque for \$210.15 from F. A. Rogers in payment of his note. 24. Received a cheque from R. L. Foster for \$150 on account. 25. Received cash for sales, \$190.50. 26. Received cheque from J. C. Jones on account, \$200. 27. Received cash from L. M. Stark for his note of \$165.50. 28. Paid express on package of goods, 75 cents. Received cash for mdse. sales, \$240.63. 30. You withdrew for private use, \$50. 31. Paid clerks' salaries, \$75. Received cheque from R. A. Smith & Son for \$150.25 on account.

Prove your cash. Your bank balance is \$6072.10, and you have \$52.12 in the till. Balance the account and bring down the balance.

Have your work approved.

## LESSON SEVEN.

### THE CASH BOOK

The cash account may be kept in a separate book of original entry (first record). The personal debits and credits are posted from it, and the book balanced in the same manner as the cash account. When a cash book is kept, no cash account is required in the ledger.

Following is the cash book written up for the January transactions of Lesson 6. Two pages—opposite—are required, the debit side being the left-hand page and the credit side the right-hand page. Note that when a personal account is to be debited or credited the name is written first, with the explanation following. The first money column on the left side is for the receipts, and on the right side for the payments. The second column on each side is for balances and totals.

<b>CASH DR</b>					
1900					
Jan.	1	Student, investment,	2500		
	8	A. P. Stuart, on accts.	258 63		
	10	Mdse. Sales,	75 49		
	14	W. C. Smith, bill of 2nd,	210 23		
	16	Mdse. Sales,	142 10		
	19	Note, A. L. Barrett,	220 46		
	24	R. F. Forrest, on accts.	198 41		
	26	R. Walters, on accts.	42 10		
	31	A. Spencer, on accts.	124 11 3471 53		
				3471	53
Feb.	1	Balance,	2337 30		
	2	J. C. Jones, on accts.	148 60		
	3	Mdse. Sales,	92 12		
	8	L. M. Louis, on accts.	249 75		

Note that the balance when brought down is placed in the second money column on the left side. The receipts are then placed in the first column, and the total of the receipts is extended to the second column to be added in with the balance from the preceding month.

Continue the cash book for February and March, balancing at the end of each month. Present your work for approval at the end of each month's work.

## LESSON EIGHT.

### HISTORICAL RECORDS.

So far, the record of your transactions, except in the case of the Cash Book, has been made directly into the ledger accounts affected, so that you might gain a thorough understanding of the principles of debit and credit, and see the object of keeping such accounts. As you have seen, all cash transactions are entered in the Cash Book, the personal debits and credits being posted from it to the personal accounts in the Ledger.

While the plan of entering all transactions directly in the accounts affected, shows the results of the business, and is used in what is called the "Complete Account Book System," it is desirable to first enter them in books in which a full and complete explanation or description of the transactions can be made, and show an historical record of the business transactions performed.

In a simple single entry set of books, such as you are prepared to handle, and such as can be used in a small business, three principal books will be required

#### CASH CR.

1900

Jun.	1	Rent for Jan.,	50
	3	Office books,	7
	5	A. D. Hampton, on accts.	250
	12	Nunn & Sons, inv. gd,	347 51
	22	Note, F. H. Wilson,	349 62
	29	A. J. Stephens, loan,	15
	30	A. F. McDonald, on accts.	415 10 1434 23
53			
	31	Balance - credit	2337 30
53			
			3471 + 53
50			
Feb.	7	Student withdrew,	100

the journal, cash book and ledger. By the term "principal book" is meant a book from which, or to which, you post the debits and credits resulting from the business transactions.

All cash transactions are first entered in the cash book, and the debits and credits to personal accounts are posted (transferred) from it to the accounts affected in the ledger.

A record of all other transactions is made in the journal, showing the personal accounts to be debited and credited in the ledger, and giving a full and complete explanation of all transactions.

The ledger is handled in the manner already shown you, the items in the various accounts being posted to it from the journal and cash book. All entries in the ledger must come from a book of original entry, except in the case of the entry for the net gain or the net loss in the proprietor's account, which may be brought from the financial statement.

Note how the following transactions are entered in the journal, sometimes called the day book:

June 1, 1909. B. A. Student has this day commenced business, investing cash \$5,000. (It is customary to enter a statement of the investment as a first record in the journal, the cash being carried to the cash book).

June 4. Bought of Wilson & Co., Brockville, on account 10 days, goods as per invoice received today, \$549.34. (As the invoice will be kept on file, it is not necessary to give in the entry the items of the bill).

Received invoice and goods from R. A. Jackson & Co., Hull, Que., as ordered, term on account ten days, \$350.15.

June 5. Sold J. C. Jones, City, on account 10 days, 20 bbls. Flour at \$5.00, 10 bbls. Pork at \$6.50.

Sold A. C. Packard, City, on account, 1 ton Bran at \$20.00, 3 tons pressed Hay at \$17.00, and 10 bbls. Flour at \$5.00.

June 6. Returned 2 bbls. Pork to R. A. Jackson & Co., as not being in good condition, price \$5.50 per bbl.

June 7. A. C. Packard returns 1 bbl. Flour which is not in good condition.

June 8. Received note from L. C. Jones for the purchase of the 5th.

#### JUNE 1, 1909.

1 B. A. Student has this day commenced business investing \$5,000 cash as per Cash Book.

1	Wilson & Co., Brockville,	Dr.		
	Invoice of June 1, on account 10 days,	549	1	34

1	R. A. Jackson & Co., Hull, Que.	Cr.		
	Invoice of June 1, on account 10 days,	378	1	50

2	J. C. Jones, City,	Dr.		
	On account 10 days, 20 bbls. Flour,	5.00	100	
	10 " Pork,	6.50	65	165

2	A. C. Packard, City,	Dr.		
	On account 10 days, 1 ton Bran,	20.00	20	
	3 " pressed Hay,	17.00	51	
	10 bbls. Flour,	5.00	50	121

2	R. A. Jackson & Co., Hull, Que.	Dr.		
	2 bbls. Pork returned,	5.50	11	

2	A. C. Packard, City,	Cr.		
	1 bbl. Flour returned,	5.00	5	

2	J. C. Jones, City,	Cr.		
	Note for purchase of the 5th inst.	165	165	

Note that the date of the first entry is written as the heading. Upon turning to the next page, the date to appear thereon should be written on the headline. Never write part of an entry on one page, and the remainder on the next. If there is not room on a page for the complete entry, place it in full on the following page. Upon beginning a new date, the figure representing the day of the month is placed on the first blank line following the last entry and in the centre of the explanation section of the line. One blank line is left between transactions of the same date.

You will notice that the title of the ledger account to be debited or credited is written first in each case, and the abbreviation Dr. or Cr., as required, is placed on the same line close to the money column, thus indicating the side of the account to which the entry is to be posted. Extensions are placed in the first money column and totals in the second.

As soon as you post an entry to the ledger, the page on which that account appears is placed in the column preceding the account title in the journal, thus showing that the item has been posted and the page of the ledger on which the account is to be found. In the ledger account, the page of the journal from which the entry is posted is entered in the folio column (the one preceding the money column), and the letter "J", the initial of the book, is placed in the explanation column in order to show what book the entry is posted from.

Every entry in the journal should be clearly explained. A set form of words is not necessary; simply state fully the nature of the transaction.

#### EXERCISE ONE.

(a). Copy the foregoing entries and continue the journal by entering the following:

June 6. Sold H. C. Smith, City, on account, 3 bbls. Pork at \$6.50, and 3 bbls. Flour at \$5.00.

10. Received goods ordered of Foster & Kyle, Pembroke, terms note at 30 days, invoice at \$458.72.

12. Sold L. M. Fraser, City, on account 10 days, 3 tons Pressed Hay at \$17.00, and 2 tons Bran at \$20.00.

13. Forwarded a note to Foster & Kyle for the amount of their invoice entered on the 10th.

15. Sold R. T. Wilkinson, City, on account, 3 bbls. Flour at \$5.00, and 6 bbls. Pork at \$6.50.

(b) Enter up the following cash transactions for the same period in a cash book.

June 1. B. A. Student's cash investment \$5,000.

2. Paid expenses, \$6.00.

4. Paid freight on goods received today, \$31.28.

6. Sold 2 bbls. Pork for cash, \$12.00.

10. Paid a month's rent, \$30.00. Paid on goods received today, \$28.40.

12. Received \$25.00 cash from A. C. Packard on account.

14. Paid R. A. Jackson & Co., in full for invoice of the 4th.

15. Received cash from J. C. Jones in full for sale of the 5th.

**Have your entries verified and balance your cash book.**

Having the transactions fully recorded in the books of original entry, you will now post them to the ledger.

On ledger paper open an account with the proprietor and post to it the investment from the cash book, placing the amount on the credit side. Write "C" in the explanation column to show what book it comes from, and in the folio column place the page of the cash book from which it is taken. In the cash book folio column now place the page of the ledger account.

It is customary to place the investment account on the first page of the ledger. Having opened this account, lay aside your cash book for the present and print your journal, after which you will post the remainder of the cash transactions.

The first item to be posted from the journal is the purchase from Williams & Co. Open an account for them one-fourth of a page down from the first account, (giving one-fourth page to each account in this exercise), and transfer the amount of the item to the credit side, placing "J" in the explanation column and the journal page "1" in the folio column. Then, in the journal folio column, place the ledger page to show that the item has been posted.

Next open an account for R. A. Jackson & Co., and enter it in the same way. The debit item to J. C. Jones will next be posted to his account, which you will open. Be sure to place the number of the journal page in the account and the ledger page in the journal.

Proceed in this manner, opening each new account as you come to a new name in the journal.

Then take your cash book and post the personal items appearing on the debit side to the credit of their respective accounts, and the personal items on the credit side to the debit side of their accounts. When cash is received it is entered on the debit side, which is the "received" side, and the persons who gave us the cash are receiving credit in their accounts; hence, personal items on the debit side of the cash book are credits to these accounts. When cash is paid out, it is entered on the credit side, which is the payment side of the cash book, and the persons to whom we pay money must be debited; hence, personal items appearing on the credit side of the cash book are debits to these accounts.

When your posting is completed, make a ledger statement and submit your work to a teacher for audit.

## **EXERCISE TWO.**

Write up the journal and cash book for the June transactions of Lesson 5.

Have your entries verified.

Balance your cash book.

Post and make ledger statement. Have it approved.

Then write up the July transactions in the same manner.

After having your entries verified, balance the cash book, post and make ledger statement. Have your work approved.

## **LESSON NINE.**

### **BANK ACCOUNT.**

Banks receive money on deposit, subject to the order of the depositor. The order on the bank to pay money out of the depositor's account is called a cheque, as you have been shown in previous lessons.

Upon opening a current account at the bank, making your first deposit, you will be asked to leave a copy of your signature either in a book or on a signature card. Thereafter all cheques that you give must be signed in the same form and style of signature as you have given the bank.

Present your deposit to the receiving teller, who will verify it and pass the deposit slip to the ledger keeper, who in turn will enter it in your bank pass book for you.

When making your first deposit you will receive a cheque book, deposit slips and bank pass book.

**MAKING OUT A DEPOSIT SLIP.** The form shown herewith, as used by the Bank of Ottawa, is similar to that used by most banks. First count your currency, entering the number of bills of each denomination opposite its designation on the slip. Place the bills of smallest denomination at the top of your pile ready for counting by the teller. Extend the amounts of the different denominations, then total these extended amounts. Next enter the amount of coin. Then list the cheques, giving the name of the bank in each case. If a cheque is that of a bank outside of your city, the amount of the collection will have to be deducted from the extended amount. The total of the deposit will be placed at the foot of the slip.

## The Bank of Ottawa.

Credit      *B. S. Student.*

Deposited by      *do*

24 of January 1909.

	Dollars	Cents	
4 x	1	4	
10 x	2	20	
x	4		
9 x	5	45	
18 x	10	180	
1 x	20	20	
x	50		
x	100		
<b>Total Bills</b>	<b>269</b>		
<b>Silver</b>	<b>5</b>		
<b>Cheques</b>			
(State name of Bank)			
Montreal	25	10	
Molsons	10	28	
Ottawa	47	22	
<b>\$</b>	<b>356</b>	<b>60</b>	

All cheques are to be endorsed. As the cheques are made out to your order, you must "order" their payment by writing your name across the back, near the left hand end. By thus endorsing you guarantee the return of the amount for which you have been credited by the bank, if the cheque should not be honored by the bank on which it is drawn.

## THE CHEQUE BOOK.

On the following page is shown a two-cheque page from a cheque book, showing method of making out cheques, with the stub record and the keeping of the bank account on the stub. The deposit, you will notice, is placed at the top of the page. The amount of the first cheque is subtracted from the deposit, showing balance that will remain to your credit after the cheque is cashed. As each cheque is made out, the amount is deducted from the last balance.

At the end of each month you will have your cancelled cheques returned to you, so that they serve as evidence of payment. When the person in whose favor the cheque is drawn writes his name on the back, he acknowledges receiving its value.

You may, therefore, make out your cheques to serve as full receipts by stating in them the purpose for which the payment by cheque is made.

Deposited Jan. 24 1909 \$2000 No. 1 OTTAWA, ONT. Jan. 25 1909

No. 1

Jan. 25 1909

In favor of

James and Co.

Rent for Jan.

\$ .50<sup>m</sup>

1650

## The Bank of Ottawa,

Pay to James and Co. or Order \$50<sup>m</sup>

Fifty and ~~no~~ Dollars.

Rent of Store for Jan. 1909

A. J. Student.

No. 2

No. 2 OTTAWA, ONT. Jan. 25 1909

Jan. 25 1909

In favor of

W. A. Wilson & Co.

Invoice of Jan. 1

\$ 300<sup>m</sup>

1650

## The Bank of Ottawa,

Pay to W. A. Wilson & Co. or Order \$300<sup>m</sup>

Three Hundred and ~~no~~ Dollars.

Invoice Jan. 1 1909

A. J. Student.

## EXERCISE.

Rule up six two-cheque pages—three pages—of a cheque book and fill out the cheques and stubs, and keep bank account on stubs for the following transactions:

May 1. Deposited \$2,500.

2. Gave F. C. Rogers cheque for \$50 for rent of store for May.

3. Deposited \$300.

4. Gave cheque to Ames & Williams for invoice of May 1st, \$243.50.

5. Gave A. P. Knowles cheque for \$7.50 for office books.

6. Deposited \$750.

7. Gave Robertson & Co. cheque for \$352.41, for invoice of May 2.

8. Gave Jamieson & Co. cheque in full of account to date, \$14.05.

9. Deposited \$647.50.

Gave cheque to C.P. Company for freight bills, \$14.72.

What is your bank balance?

Have your work approved.

# Practice Set One

In the foregoing lessons you have been learning the first principles of account keeping. You are now to put your knowledge to the test in a regular Business Practice Set. Work very carefully and intelligently. **Complete each step before attempting the next one.** Learn to be systematic and thorough. Do the best work that you can at all times.

- Oct. 1. A. P. Dadson engages in the flour and grain business at 124 Bank street, and employs you to act as his bookkeeper at a salary of \$10 a week. He supplies you with a set of books in which to keep the records, also a file containing different compartments. Keep the cash in the cash section, unpaid bills in the section so labelled, and so on. All bills, cheques, notes, currency, etc., that are to go to others doing business with you, are to be placed in your "Outgoing Papers" file, and removed and given to the teacher at stated intervals.

You will receive a Power of Attorney (1) authorizing you to sign cheques, notes, etc., for Mr. Dadson.

Mr. Dadson invests \$2000 cash (2) in the business. Upon receiving it you will place it in the Cash Drawer (file), and then make the proper entry in the cash book. Be sure to count the money.

Open an account at the College Bank and deposit all of the cash except \$50. Do not fail to enter the deposit on the stub of the cheque book.

2. Bought of R. W. Bell & Co., 350 Wellington Street, City, on account 10 days, 200 barrels Flour at \$4 a bbl., as per invoice. Remove No. 3 from your package of "Incoming Vouchers." Make the required entry in the Journal (Day Book). Notice that Mr. Dadson has checked the bill. Then write across the end of the face, "Entered Oct. 2/09," and place in "Unpaid Bills" section of the file.

Follow this routine in the case of all subsequent purchases.

3. Sold A. L. Rogers, 185 Sparks Street, on account, 30 barrels Flour at \$5. Make out a bill and place it in "Outgoing Papers" file. Make the required entry, giving the items.
4. Sold F. C. Stevens, 450 Sussex Street, on account, 50 barrels Flour at \$5. Bill and enter as in preceding transaction.
5. Sold J. H. Duncan, 565 Bank Street, on account, 20 barrels Flour at \$5.
6. Bought of A. G. Blair, Smith's Falls, on account 10 days, 500 bushels Corn at 40 cents a bushel, as per invoice (4).

Pay \$12.60 freight by cheque in favor of C.P.R. Co. Deduct amount from deposit. Place cheque in "Outgoing Papers" file. Make entry.

Make out a cheque for your week's salary. Make entry. Get cheque cashed at Bank and hand amount to teacher.

Hand contents of Outgoing Papers file to teacher, and have your work examined.

Prove your cash. Balance of Cash Book should equal Bank balance plus amount in Cash Drawer.

8. Received cash (5) from A. L. Rogers in payment of bill of the 3rd. Remove this amount from Incoming Vouchers package. As Mr. Rogers

sends in the bill to be receipted — our teacher will have returned it to you), write thereon, "Received payment, Oct. 8, 1909, A. P. Dadson, per \_\_\_\_\_" giving your initials, and replace in the Outgoing Papers file.

9. Received cheque (6) from F. C. Stevens for \$250 in payment of bill of 5th. Receipt bill. Place it and the cheque in file.  
Sold A. W. Lane, 78 Rideau Street, on account, 10 bbls. Flour at \$5, and 50 bush. Corn at 45c. Handle as in previous sales.
10. Sold D. G. Dudley, 120 Sparks Street, on acct., 40 bbls. Flour at \$5, and 100 bush. Corn at 45c.
11. Received cheque (7) from J. H. Duncan for bill of 5th.

Deposit your cheques and all cash except about \$50. Add to stub of Cheque Book. Endorse cheques "A. P. Dadson, per \_\_\_\_\_" inserting your initials.

12. Pay R. W. Bell & Co., by cheque for invoice of 2nd. Get teacher or fellow student to receipt bill for Bell & Co. Place bill in "Paid Bills" file.
13. Bought of C. J. Fox, Canal Street, City, on account 10 days, 200 bush. Rye at 60c, and 300 bush. Oats at 35c (8).  
Sold A. L. Rogers on account, 50 bush. Corn at 45c, and 50 bush. Oats at 40c.  
Sold F. C. Stevens, on account, 60 bush. Rye at 65c and 10 bbls. Flour at \$5.00.

14. Received cash (9) from A. W. Lane for bill of 9th. Remove amount from package.

Received from D. G. Dudley \$200 cash on account (10).  
Pay A. G. Blair in full by cheque.

Sold J. H. Duncan, on account, 50 bush. Rye at 65c.

Make out cheque for your salary and place it with outgoing papers.  
Have your entries verified and hand in outgoing papers.

Hand in your pass book to the bank to be balanced.

Balance your cash book after "proving" cash.

Post to the ledger, opening accounts as you come to the names in the records, and place four accounts on a page. Post from journal first, then cash book.

Check your posting; that is, go over it again, placing a check-mark opp. site each item in the ledger. Then look through ledger accounts to see that all items are checked as correct. Always "check-post" before making a statement, to ensure accuracy. Your ledger must contain the check marks before being "passed" by the teacher.

One of the main purposes for which books are kept is to enable the proprietor to ascertain whether his business is profitable or not. In order to do this it is necessary to find out, first, all that is of value belonging to the business — that can be converted into cash — resources, or assets. Then find the liabilities — the debts owed by the business. The difference between assets and liabilities will be the Present Worth of the business. If the liabilities exceed the assets, the difference is the Net Insolvency.

If a man has certain values — accounts, merchandise, etc. — which he turns into cash, and then pays off his liabilities or debts, he will have a balance on hand if the assets are greater than the liabilities, and that amount on hand will, of course, be his net worth. If you subtract his investment at the beginning of the year, or other business period, from his present worth at the end, the difference

will be the amount gained - the net gain. Should the present worth be less than the investment, of course the difference would be a loss. A Net Insolvency plus Investment would give Net Loss.

To make a proper statement which will show the assets, liabilities, present worth and net gain or loss, it is necessary to take into account all values on hand and all liabilities outstanding. In your practice set you will include the merchandise on hand, and the cash, in your assets, as well as the balances owing by customers. In the liabilities, in addition to the balances due your creditors, you will include unpaid rent for the half month, which will be \$25.

To ascertain the amount of merchandise - flour and grain - on hand, find the difference in barrels and bushels between the purchases and sales that you have made; then find the value of what remains on hand at cost price.

Study carefully the following form of statement showing the results described, and then make a neat copy of it (your statement for Mr. Dadson's business will be similar in form):

**Financial Statement for Half Month ending Sept., 1909.**

<b>Assets.</b>			
Cash on hand,		1721	25
Flour and Grain on hand,		535	50
H. C. Jones, balance due,		39	80
R. A. Smith,      "      "		87	40
L. M. Rogers,      "      "		31	50
<b>Total Assets,</b>			<b>2415 45</b>
<b>Liabilities.</b>			
Wilson & Co., balance due them,		230	
Rent due and unpaid,		25	
<b>Total Liabilities</b>			<b>255</b>
<b>Present Worth, Net Investment,</b>			<b>2160 45</b>
<b>Net Gain, (red ink)</b>			<b>160 45</b>

Prepare a statement of Mr. Dadson's business for the half month in neat form, and have it approved by your teacher.

As you are now to adjust the gain to the proprietor's account, you will make an entry crediting his account for the amount of the net gain shown in your statement, thus:

A. P. Dadson,  
Net Gain per Statement.

Cr.      \*\*\*    \*

Post this to Mr. Dadson's account; balance the account, and bring down the Present Worth as in former exercises on Proprietor's accounts.

Present your statement and books for approval, including your Bank Pass Book, properly balanced, and Cheque Book, showing correct balance.

Continue the set, being careful to do neat, accurate work in a systematic manner.

Oct. 17. Sold J. D. Clark, 47 Elgin Street, on account, 50 bush. corn at 45c, and 30 bush. oats, at 40c.  
Received cash (11) from A. L. Rogers for the amount he owes. Remove the correct amount from the package.

18. Sold for cash (12) 10 bbls. flour at \$5. (No bill).  
Received cheque (13) from J. H. Duncan for balance owed by him. Receipt bill.  
Sold A. W. Lane, on account, 40 bush. corn at 45c, 20 bush. oats at 40c, and 20 bush. rye at 65c.

19. Bought of R. W. Bell & Co., terms, note at 5 days, 200 bbls. flour at \$4, per invoice (14).  
Make out note in favor of R. W. Bell & Co., at 5 days, and place in outgoing file. Notes are usually made for longer periods than this, but to serve the purpose of this set the short term is used.

20. Sold D. G. Dudley, on account, 25 bbls. flour at \$5.  
Sold O. N. Russell, 45 O'Connor Street, on account, 20 bbls. flour at \$5.  
Make out cheque for your salary and endorse it over to your teacher.

22. Received cheque (15) from D. G. Dudley for balance due on bill of 10th. Sold F. E. Thomas, 640 Somerset Street, on account, 40 bush. corn at 45c, and 10 bush. rye at 65c.  
Received from J. D. Clark (16) his note at 5 days for amount of bill of the 17th. Place note in cash drawer.

23. Accepted two-days' sight draft (17) drawn by C. J. Fox for balance due him, and place in outgoing file. Make entry.

24. Received note (18) from F. C. Stevens, at 2 days, for balance due by him.  
Sold A. L. Rogers, on account, 50 bbls. flour at \$5.  
Sold J. H. Duncan, on account, 50 bush. corn at 45c, and 25 bush. rye at 40c.  
Deposit all funds on hand. Prove cash.

26. Bought of A. G. Blair, 300 bush. corn at 35c (19). Remit him a cheque for \$50 on account.  
Pay C. P. Ry., by cheque, \$7.50 for freight on corn.  
Received cheque (20) from A. W. Lane for one-half the amount of the bill sold him on the 18th. Give him a receipt.

27. Sold F. C. Stevens, on account, 20 bush. rye at 65c, 100 bush. corn at 40c.  
Received cheque (21) from A. W. Lane for balance due.  
Pay note favor R. W. Bell & Co., due today, by cheque. Take the note from outgoing file; write "Paid" across the face, and cancel the signature by drawing your pen through it.  
Make out cheque for your salary and endorse it over to your teacher.

28. Pay by cheque acceptance favor C. J. Fox due today (yesterday being Sunday). Cancel the draft.  
Received cheque (22) from O. N. Russell for bill sold him on the 20th.  
Received cheque (23) from A. L. Rogers for \$100 on account of flour sold him on the 24th.  
Sold J. H. Duncan, on account, 20 bbls. flour at \$5.  
Received cheque (24) from F. C. Stevens for his note due today. Return note.

29. Received cheque (25) from J. H. Duncan for \$125 on account.  
Sold for cash 2 bbls. flour at \$5 (26).

31. Sold D. G. Dudley, on account, 20 bbls. flour at \$5, 50 bush corn at 40c, 20 bush. oats at 40c, and 10 bush rye at 65c.  
 Pay your teacher one month's rent by cheque, \$50.  
 Hand in your outgoing papers, and have your entries verified.  
 Prove your cash.  
 Have bank pass book balanced at bank. Balance your cash book.  
 Post to your ledger. Check-post.  
 Make out financial statement showing gain. (Three day's wages are due you).  
 Adjust the net gain to the proprietor's account by the proper entry.  
 Post the entry and close proprietor's account.  
 Render statements of account to all customers whose accounts do not close. Have your books examined.

#### EXERCISES ON STATEMENTS.

Prepare financial statements, showing loss or gain, from the information supplied in each of the following exercises:

1. T. S. Jackson invested \$4000, and at the end of the year had the following assets and liabilities:

**Assets:** Cash \$3457.98; stock on hand, \$2054.50; three notes receivable, total \$675.40; horse and wagon, \$170; customers' balances, R. L. Baskin, \$67; Watson & Co., \$123.46, F. A. Small, \$89.45.

**Liabilities:** Notes outstanding, \$675; creditors' accounts, Ames & Moss, \$450, Robertson Mfg. Co., \$374.25; month's rent due, \$75.

2. K. P. McDonald invested \$9000, and at the end of financial year had the following assets and liabilities:

**Assets:** Cash \$2458.00; store and lot \$6500; merchandise on hand \$3425.76; accounts receivable, \$4508.45; bills receivable \$684.52; coal and wood for fuel \$64; office supplies, \$75.

**Liabilities:** Notes payable, \$2346.00; accounts payable \$1085.48; salaries due and unpaid, \$250; advertising bills unpaid, \$67.50.

3. R. A. Millions invested \$675, and at the end of the financial year had assets and liabilities as follows:

**Assets:** Cash, \$342.50; mdse. on hand \$508.76; accounts receivable \$3267; bills receivable, \$75.

**Liabilities:** Bills payable \$1245.75; accounts payable \$1078.42; rent due \$300; advertising \$89.50; wages due, \$24.50.

4. C. H. Farrell began business with an investment of \$1250, and ended the year with the following assets and liabilities:

**Assets:** Cash \$245.38; mdse. on hand \$975.80; account against Foster Co. for \$100, A. D. Barnes \$67.25, and S. W. Ewart \$54.85.

**Liabilities:** Note for \$675.50; creditors, Morris & Smith \$450, Fay & Co., \$376.82; Rent due and unpaid \$100.

## LESSON TEN.

In your Single Entry a record of dealings with persons and cash was kept. No record of your purchases or sales of merchandise or of your expenses was kept.

While your Single Entry method suits the needs of small businesses, the proprietor of a large establishment requires more information from his books than this method gives. He wants to know the amount of his profit or loss on the goods dealt in. He wants to know what his expenses of all kinds have amounted to, together with other information which only a Double Entry system furnishes.

All this information can be obtained by keeping an account with each source of profit and loss, and all resources and liabilities, according to the Double Entry method.

We now proceed to the study of DOUBLE ENTRY.

### MERCHANDISE ACCOUNT.

The first Loss and Gain account to which you are to be introduced is called MERCHANDISE. In this account you will keep a record of all goods bought and sold, so that you will be able to ascertain the profit or loss resulting from your dealings in Merchandise.

This is a general account with all kinds of goods dealt in. It is debited for purchases and credited for sales. It is debited for returned goods that were credited when sold, and it is credited for returned purchases. Shortages, damages, and overcharges will be debited or credited according as they are allowed on sales or purchases. Freight paid is charged to Merchandise account, unless a special Freight account is kept.

If all of the goods be sold, the difference between the two sides of the account will show a gain or loss. If the credit side is the larger the difference between the sides will show a gain, because the goods have sold for more than they cost. If the debit side is the larger, the result is a loss, because the goods have cost more than they produced.

If the goods are not all sold at the time of closing the account, the value of the stock on hand at purchase price, called the MERCHANDISE INVENTORY, is added to the credit side in red ink, the difference then showing the gain or loss. The same result could be obtained by subtracting the value of goods on hand from the purchases before finding the difference between the two sides of the account. Subtracting the inventory from the total purchases gives the cost of the goods that have been sold for the amount shown on the credit side. As we do not subtract in an account, we get the same result by adding the inventory to the credit side. Prove it.

Note how the transactions given herewith have been entered in the Merchandise Account.

Jan. 2, Bought goods costing \$678.50; Jan. 3, Sold goods amounting to \$450; Jan. 6, Sale \$265.30. Jan. 8, Sale \$183.40. Jan. 10, Some of the goods purchased on the 2nd have turned out to be inferior, and the merchant from whom you purchased has agreed to allow you a rebate of \$12.42. Jan. 15, Sale, \$310.18. Jan. 18, Purchase \$300.25. Jan. 20, Sale, \$102.00. Jan. 21, \$42.80 worth of goods sold yesterday have been returned. Jan. 24, Sale \$256.70. Jan. 29, Sale, \$126.20. Jan. 30, Purchase \$782.47. After entering this purchase it is decided to return \$27.80 worth as not being satisfactory. Jan. 31, A reduction of \$8.54 is allowed on the sale of the 29th. Jan. 31, Purchase \$496.50. Value of goods on hand, \$1183.93.

**MERCHANDISE.**

1909				1909			
Jan.	2			678	50	Jan.	3
"	18			396	25	"	6
"	21			42	80	"	8
"	30			782	47		10
"	31			8	54	"	15
"	31			496	50	"	20
"	31	Gain, ( <sup>red</sup> <sub>ink</sub> )		573	77	"	24
						"	29
						"	30
						31	Inventory, <sup>red</sup> <sub>ink</sub>
				2978	83		1183 93
Feb.	1	Inventory		1183	93		

Note that the Inventory is brought below the ruling on the debit side. Merchandise and all other Loss and Gain accounts are closed at the time of closing the Ledger, usually at least once a year.

**EXERCISE.**

Copy the foregoing illustration of Merchandise Account. Then continue the account, entering up the following transactions.

Feb. 1, Received goods from A. J. Smith & Co., as per invoice \$892.80. Feb. 3, Sold A. H. Jones, goods billed at \$178.50. 5, Sold R. W. Law goods billed at \$240.63. 9, Bought of L. M. Pinney & Co., goods invoiced at \$682.40. Paid freight on these goods in cash \$41.00. 15, Sale to Jackson & Co., \$350.72. 17, Sale to W. S. Rogers, \$162.81. 19, W. S. Rogers returns \$12.50 worth of goods as not satisfactory. 20, Sale to A. F. Wilson \$276.80. 26, Sale to Ferguson & Son, \$232.45. 28, Sale to E. S. Miller, \$198.50.

Close the account. The inventory of goods on hand is \$1673.80; the gain \$501.04.

March 1, Bought of L. C. Smith & Co., as per invoice \$875. 3, Sale to F. H. Robinson \$362.80. 4, Sale to McLaren & Co., \$256.75. 5, An overcharge of \$15 is reported on the sale of the 3rd. 6, Bought of L. M. Pinney & Co., \$872.60. Paid freight \$59.37. 9, Sale to W. S. Rogers \$642.73. 10, An error of \$10 is found in bill for goods sold yesterday. 12, Sale to E. S. Miller \$349.75. 13, Bought of Wells & Foster \$765.45. Paid freight \$47.85. 15, A shortage of goods amounting to \$8, is claimed on sale of 12th. 18, Sale to Ferguson & Son, \$263.10. 20, Bought of Fraser & Son, \$910.48. 24, Sale to F. H. Robinson, \$311.00. 27, Sale to W. S. Rogers, \$225. 29, Bought of Johnston & Weeks, \$682.37. 31, Sale to R. W. Law, \$421.30

Close the account. The inventory is \$3452.29. The Gain is \$392.34.

Instead of keeping one general account for all classes of Merchandise dealt in, an account may be kept with each kind, or a special account kept for any one kind, and a general merchandise account for the rest. This enables the proprietor to determine his profit or loss on different varieties of goods dealt in, or manufactured, as the case may be. Hand in your work to be verified.

## LESSON ELEVEN.

### REAL ESTATE ACCOUNT.

Real Estate consists of lands with buildings thereon, and an account for same is kept to show the result of dealings in them.

One general account for all such property may be kept under the title "Real Estate," or an account with each property, which is the better plan, so that the loss or gain on each property may be known.

A Real Estate Account is debited for the cost or value of the property, and for all outlays for improvements, taxes, insurance, and other expenses.

It is credited for all returns from sales, rents, etc.

Briefly, the debit side shows the costs; the credit side, the returns.

When closing the Ledger, the value of the property and of any unpaid expenses or returns will be entered as inventories, the difference then showing the loss or gain according to which is the larger side.

May 1, Purchased a property on Bank St., corner of Gloucester, paying \$17,000. May 31, Paid taxes and water rates, \$305. Aug. 1, Collected three months' rent, \$375. Sept. 3, Paid painter's bill \$50. Nov. 1, Collected three months' rent \$375. Nov. 10, Paid insurance premium, \$75. Feb. 1, Received three months' rent \$375. Feb. 6, Sold part of lot for \$5,000. Apr. 30, Received two months' rent \$250.

Inventories: One month's rent due, \$125; the property is valued at \$12,500; you owe a bill of \$15 for repairs, which has not yet been paid.

### BANK STREET PROPERTY.

1906			1906		
May	1		17000		
"	31		365		
Sept.	3		50		
Nov.	10		75		
1907			1907		
			Feb.	1	
			"	6	
Apr.	30	Inventory, <small>red ink</small>	15	Apr.	30
"	30	Gain, <small>(red ink)</small>	1495	"	30
			19000		
1907			1907		
May	1	Inventory,	12675	May	1 Inventory,
					15

Enter up the foregoing transactions as illustrated.

Enter up the following transactions, keeping an account with each property purchased.

Feb. 1, Bought a house and lot, 152 Nepean St., paying cash, \$4500. 3, Paid a lawyer \$5 for searching title to Nepean Street property. 5, Paid insurance \$24 in cash. 21, Received one month's rent \$35. 28, Paid for repairs \$3.

Close the account. The property is still valued at cost. As only one month's insurance risk has been carried, while twelve months' insurance has been paid, there will be eleven months, or \$22, as an inventory of prepaid insurance. Enter

both inventories. After entering the gain and ruling the account, bring the inventory down as one amount. Continue.

March 2, Bought twelve lots on Fourth Avenue, paying \$4800. 3, Paid \$5 for searching title. 10, Sold one lot for \$500. 11, Paid real estate agent for commission on sale of lot, \$10. 21, Received one month's rent of Neocan Street property \$35. 28, Sold another Fourth Avenue lot for \$550. 29, Paid real estate agent commission \$11.

Close the accounts. Nepean Street lot is now considered worth \$4750. The ten remaining lots have increased in value, and are now considered worth on an average, \$500 each.

## LESSON TWELVE.

## **GENERAL EXPENSE ACCOUNT.**

**EXPENSE ACCOUNT** is kept to show the amount paid for the expenses of conducting a business. It is debited for amounts paid for running expenses and credited for any returns it may produce.

Articles charged to expense and remaining on hand at the time of closing the Ledger are entered as a resource inventory on the credit side. Should there be any expense items accrued or owing and not entered or paid, the amount is entered as a liability inventory on the debit side. Were these inventories not considered, the account would not show the exact expense for the period.

**Expense Account always shows a loss.**

Note how the following transactions are entered up:

Jan. 1, Paid rent in cash, \$30. 5, Paid for coal for office, \$25. 15, Paid clerk's wages \$20. 20, Paid for postage stamps \$2.00. 25, Paid Electric Light bill \$2.35. 30, Paid for office supplies \$8. 31, Resource Inventory, office supplies \$7.50; 1 ton of coal unused \$7.50. Liability inventory, clerk's wages due and unpaid, \$20.

## EXPENSES

1909		1909			
Jan.		Jan.	31	Inventory (red.)	
1	50.00	31		15.00	
5	15.00			102.00	
15	20.00				
20	2.00				
25	2.35				
30	8.00				
31	Inventory (red.)	20.00			
		117.35			
Feb.	1	Inventory	15.00	Feb.	1
				Inventory	20.00
					117.35

After making a copy of the foregoing, continue the account entering up the following transactions:

Feb. 2, Paid for postage stamps, \$1.50. 3, Paid wages to clerk for balance of January, \$20. 8, Received \$5 in cash for desk room in the office. 14, Paid clerk's wages, \$20. 18, Paid for cleaning, \$2. 20, Paid for stationery, \$5. 26, Paid electric light bill, \$2.41. 28, Paid rent, \$50. Inventories: Wages to clerk for half month \$20; Stationery on hand \$3.

March 1, Paid clerk's wages \$20. 8, Paid for repairs \$6.50. 15, Paid insurance premium, \$48. 16, Paid clerk's wages \$20. 18, Paid for advertising, \$23.50. 19, Received for desk room, \$5. 24, Paid electric light bill, \$2.63. 26, Paid for coal for office, \$7.50. 28, Paid rent, \$50. Paid wages, \$20. Inventory: Insurance paid ahead, \$40.

**Close the account, and bring down inventory.**

**Hand in your work to be verified.**

## SPECIAL EXPENSE ACCOUNTS.

In order to show the amounts expended during the year for the different classes of expense, a special account may be kept with each class. Accounts may be kept with "postage", "light", "fuel", (or "lighting and heating" combined), "furniture and fixtures" (or office fixtures), "advertising", "insurance", "rent", "wages", "telephone", or any other class of expense. When these special expense accounts are kept, or any of them, all items of expense for which you have not provided special accounts, will be entered in the "general expense" account, sometimes called the "incidental expense" account.

These accounts are handled in the same manner as the general expense account.

## LESSON THIRTEEN.

## FURNITURE AND FIXTURES ACCOUNT.

Under the ledger title "FURNITURE AND FIXTURES" is kept a record of outlays for furniture used in the office, store, factory, etc., and for electric and gas fixtures, shelves, counters, and any other moveable property.

The account is debited for all outlays or costs, and credited for any returns.

The inventory, value of furniture and fixtures on hand, is entered on the credit side in red ink before closing, in order to ascertain the loss.

Outlays for furniture and fixtures are sometimes charged to expense. But this is not absolutely correct, the expense account being intended to contain outlays for regular expenses or for things that will be used up in conducting the business.

Note how the following transactions are entered up.

Jan. 1, Paid for office desk and chair, \$65. 3, Paid for counters, \$125. 5, Paid for Safe, \$250. 8, Paid for show cases, \$85.50. 27, Sold a show case for \$20. Inventory: Furniture and fixtures on hand, \$580.

## FURNITURE AND FIXTURES.

1906		1906			
Jan.		Jan.		Invent'y (red)	
"	1	65	"	27	20
"	3	125	"	31	580
"	5	250	"	31	Loss (red)
"	8	25			10 50
"	9	60			
"	20	85 50			
		610 50			
Feb.	1	Inventory	580		
				610	50

After copying the foregoing account enter up the following transactions:

Feb. 5, Bought scales for cash \$15. 7, Paid for show case, \$25. 20, A chair which cost \$15 has been broken beyond repair. No entry, as the inventory will be reduced by the value of the chair. 21, Paid for new chair, \$17.50. 26, Paid for chair, \$8.00. 27, Paid for material and work on shelving, \$18. 28, Sold a show case for \$27.50. Inventory: Furniture and fixtures on hand, \$ooo.

#### HORSE AND WAGON ACCOUNT.

This account is kept to show the cost of keeping the horses and wagons required for the work of a business, and is debited for all costs and credited for returns. By charging the account not only with the cost of the horses and wagons, but also with the outlays for feed, shoeing, repairs, drivers' wages, etc., the result will show the actual outlay or cost of keeping your own horses for carting and delivering. The method of keeping the Horse and Wagon account is the same as in the case of the Furniture and Fixtures account.

#### EXERCISE.

Enter up the following transactions and submit your work for approval.

Jan. 1, Purchased a horse and wagon for \$225. 2, Paid \$35 for a set of harness. 10, Paid bill for hay and feed, \$50. Feb. 1, Paid shoeing bill, \$7. April 30, Paid driver's wages, \$120. May 10, Paid \$30 for hay. Aug. 5, Bought a light wagon for \$110. Nov. 6, Received check for \$25 from A. C. Jackson for carting goods for him. Dec. 31, Paid driver's wages, \$240.

Close the account for the year.

Inventory: Horse and wagons, estimated worth \$300.

#### LESSON FOURTEEN.

##### LOSS AND GAIN.

This account is kept for the purpose of showing the Net Gain or Net Loss of the business, all the special Loss and Gain accounts being closed into it.

It is debited for all direct losses that have not been charged to a special account, and credited for any gains not carried in a special account. The loss and gain balances from the different Loss and Gain accounts are collected in the general Loss and Gain account, the losses being entered on the debit or loss side, and the gains on the credit or gain side. The difference then shows the net gain or net loss of the business for the period. As the proprietor is the one who is to receive the gains and bear the losses, as you have seen from your practice in handling a proprietor's account, his name is entered on the smaller side of the Loss and Gain account, together with the balance, in red ink. This net loss or gain is then debited or credited to the proprietor's account, according as it is a loss or a gain. When there are two or more partners, each is debited or credited for his share of the loss or gain in closing the Loss and Gain account. Some accountants call this account "Profit and Loss."

Note how the following transactions are entered, and make a copy of the account.

Jan. 10, Lost \$15. May 17, A thief stole \$175 from the cash drawer. May 25, The thief who stole from us on the 17th having been arrested, \$100 found on him is returned by the police. Sept. 30, A customer having failed, owing us \$350, we have had to accept \$200 in settlement of his account, the remainder being a loss.

Dec. 31. In closing our Ledger for the year we find that the Loss and Gain accounts show the following balances:

Merchandise, gain \$8752.60; Bank Street Property, gain, \$1525; Expense, loss \$750; Furniture and Fixtures, loss \$200; Horse and Wagon, loss \$95; Stationery and Printing, loss \$29.50; Salaries, loss \$1500.

#### LOSS AND GAIN.

	1909		1909	
Jan.	10		15	May 25
May	17		175	Dec. 31 Merchandise
Sept.	30		150	31 Bank St. Property
Dec.	31 Expense		750	
"	31 Fur. & Fixt.		200	
"	31 Horse & Wagon		95	
"	31 Statny. & Ptg.		29 .50	
"	31 Salaries		1500	
"	31 Student, Net Gain <sup>ret</sup> <sub>ink</sub>		7463 10	
			10377 60	
				10377 60

The balance of the Loss and Gain account being transferred to the proprietor's account, there is nothing to be brought below the ruling.

Enter up the following Loss and Gain items:

Jan. 8, Loss \$5. H. C. Lee, who owes us \$450, having failed, has compromised with us at 20 cts. on the dollar. 31, The special Loss and Gain accounts show the following balances, which you will transfer to Loss and Gain Account:

Merchandise, gain \$2162.68. Real Estate, gain \$25. Furniture and Fixtures, loss \$10. Horse and wagon, loss \$12. Insurance, loss \$5. Advertising, loss \$50. Salaries, loss \$150.50. Expense, loss \$72.80.

Close the account.

Feb. 8, A clerk found \$5 on the floor. 20, Our collector has absconded, taking \$27.50. 26, R. A. Watson, who owes us \$342.80, having failed, has compromised at 10 cents on the dollar, and has paid us \$34.28 in settlement of his account. 28, Transfer to Loss and Gain Account the following balances of special Loss and Gain accounts:

Merchandise, gain \$2050.80. Real Estate, gain \$20. Furniture and Fixtures, loss \$8. Horse and Wagon, loss \$10. Insurance, loss \$5. Advertising, loss \$50. Salaries, loss \$150.50. Expense, loss \$68.45.

There are two methods of closing Loss and Gain accounts for a partnership business, as illustrated herewith. We prefer the second.

LOSS AND GAIN.

1909							
Jan.	18			10	Dec.	31	Merchandise
Dec.	31	Expense		650			8500
"	31	Salaries		900			
"	31	W. Smith, partner	red ink	3470			
"	31	A. Roe,	red ink	3470			
				8500			8500

LOSS AND GAIN.

1909							
Jan.	18			10	Dec.	31	Merchandise
Dec.	31	Expense		650			8500
"	31	Salaries		900			
"	31	Net Gain (red ink)		6940			
				8500			8500
Dec.	31	W. Smith, partner	red ink	3470	Dec.	31	Net Gain
"	31	A. Roe,	red ink	3470			
				6940			6940

LESSON FIFTEEN.

As a business transaction is an exchange of values, in every transaction something of value is received and something of value is given in return. It is evident, therefore, that in the complete record contemplated in Double Entry, every transaction will give rise to both a debit and a credit. If merchandise is sold for cash, cash is received, and the cash account is debited; merchandise is given out, and Merchandise account is, therefore, credited for the same amount. This equality of debit and credit in each transaction holds throughout the Double Entry system.

To illustrate this principle, and to give you a drill in handling a complete set of double entry accounts and proving their accuracy, the following exercise is to be entered up in the required accounts and a Trial Balance taken:

Sept. 1. W. J. Amos has this day entered into business investing \$5000 cash. Open an account for the proprietor first, as it is customary to place the capital or investment account first in the ledger. Next open a cash account. Give each account in this exercise, except cash, one-third of a page. Give cash account one page. Debit cash \$5000 and credit the proprietor's account the same amount.

2. Paid for office books and stationery \$15. Debit Expense and credit Cash.
3. Paid one month's rent in advance, \$50. Be sure that the amount is debited and credited to the proper accounts respectively.
5. Purchased on account from E. C. Brown & Co., Montreal, as per invoice of Sept. 3, 150 bbls. flour at \$4 per bbl., 300 bush corn at 40 cents per bush., 200

bush. rye at 60 cents per bush., and 100 bush. oats at 32 cents per bush.; total \$872. Debit merchandise and credit E. C. Brown & Co.

5. Paid freight on the above goods, \$24.80. Debit merchandise and credit cash.
6. Sold F. C. Allen for cash, 40 bbls. flour at \$5 per bbl.
7. Sold L. M. Thorne, on account, 100 bbls. flour at \$5, and 180 bush. rye at 70 cents. Debit Thorne and credit merchandise.
9. Bought furniture and fixtures, paying therefor \$125 cash.
10. Paid for expense of cleaning store, \$5.
12. Sold R. A. Smith, on account, 75 bush. oats at 40 cents, and 66 bush. rye at 70 cents.
13. Bought of Jones & Williams, City, on account, per bill of today, 100 bbls. flour at \$4, 350 bush. corn at 40 cents, 200 bush. oats at 31 cents, and 230 bush. rye at 60 cents.
14. Sold to B. P. Rogers, on account, 443 bush. corn at 50 cents.
15. Received \$200 cash from R. A. Smith on account.
16. Sold H. C. Seymour on account, 20 bbls. flour at \$5, 105 bush. corn at 45 cents, 100 bush. oats at 31 cents.
19. Bought a horse and wagon from B. C. Jackson for \$190 cash.
20. Paid \$15 for hay and oats for horse.
20. Sold N. J. Summers for cash, 10 bbls. flour at \$5.
21. Sold K. O. Barnes on account, 50 bbls. flour at \$5, 120 bush. rye at 70c, 20 bush. oats at 34c.
22. Remitted cheque for \$400 to E. C. Brown & Co., on account.
23. Bought of the Union Mercantile Co., Toronto, on account, per invoice of the 21st, 150 bbls. flour at \$4, 200 bush. corn at 40c, 150 bush. rye at 60c, 80 bush. oats at 30c. Paid the freight on these goods by cheque \$26.42.
24. Sold R. A. Smith on account, 35 bbls. flour at \$5, 100 bush. rye at 65c. Received cheque from him for balance of his last order.
26. Paid for postage stamps, \$2.
26. Paid insurance premium on stock and fixtures, \$18.50.
27. Sold Robinson & Watt 40 bush. oats at 32c, 200 bush. corn at 45c, and 50 bbls. flour at \$5. In part payment they have given us their cheque for \$250, the balance to remain on account.
28. Received cash in payment of the bill sold L. M. Thorne on the 7th.
29. Sold D. H. Lawson on account, 100 bush. oats at 35c, 90 bush. corn at 45c, and 100 bush. rye at 60c.
30. Received cheque from B. P. Rogers for \$150 on account.  
Check over your posting.

#### TRIAL BALANCE.

The debit and credit in each entry being the same, the total of the debit postings should equal the total of the credit postings. A list of the accounts showing this result is called a Trial Balance, and is a generally accepted proof that the posting has been done correctly, though it is not an absolute proof. If an entry were posted to the wrong account, the balance would not be affected. Neither would it be if an entry were omitted altogether. However, the trial balance is a proof that the equality of the debits and credits has been preserved in transferring the items to the Ledger.

You will now proceed to make a Trial Balance of your Ledger accounts.

First foot the accounts in lead pencil, making your figures very small, and placing them close under last item on each side, so as not to interfere with a succeeding entry.

Then make a list of the accounts as in the following form, giving the balances of personal accounts and the footings of loss and gain accounts.

TRIAL BALANCE, JANUARY 31, 1900.

1	B. A. Student, Capital,			6500	
1	Cash,	5842	50		
1	Merchandise,	3465	72	2010	20
1	Expense	75			
2	Furniture and Fixtures,	125			
2	R. A. Jones,	475	80		
2	Arnot & Co.,	215	40		
2	N. H. Ames,			265	10
3	Horse and Wagon,	180			
3	F. Swanson,			340	91
3	H. J. Fergie,			257	81
3	Lyons & Smith,			105	40
		10379	42	10379	42

The figures preceding the ledger titles are the pages of the accounts in the ledger.

The trial balance may be made by taking the totals of the accounts; also by taking the balances. The plan adopted above is preferable. From it you can see at a glance the amounts owing to or by the persons and firms dealt with, and the various costs and returns shown in the loss and gain accounts.

If your trial balance does not "balance"—if the two sides are not equal—it is evident that you have made a mistake in your work somewhere. See that you have brought the correct amounts into the trial balance. Then test your footings of accounts. If the error is not then discovered, check over the posting again. If equal debits for credits have been posted to the accounts, your trial balance **must** balance.

The trial balance completed, you will now proceed to close the ledger. Balance and close the accounts showing losses and gains, carrying the losses and gains to a Loss and Gain account which you will open. Next close the Loss and Gain account and carry the net gain or loss to the proprietor's account. Then close the proprietor's account and bring down the present worth below the ruling. Balance the cash account. Following are the inventories to be used in closing the accounts:

Office books and stationery on hand are valued at \$12.

Furniture and fixtures are valued at cost. (There being no loss, this account should be left open—as it is).

Horse and wagon re valued at \$175.

Ascertain the merci undise inventory from the record of purchases and sales, using cost price.

Submit your Trial Balance and closed Ledger for . . . eval.

## LESSON SIXTEEN.

Continue the same accounts in entering up the following transactions, taking a trial balance and closing the ledger:

- Oct. 1. Purchased of The J. C. Robertson Co., Limited, city, on account, per invoice of Sept. 29th, 200 bbls. flour at \$4.
3. Remitted E. C. Brown & Co., a cheque for the balance due them.
4. Sold F. C. Allen on account, 50 bbls. flour at \$5, and 30 bush. oats at 35c.
5. Mr. Amos withdraws \$150 for his own use.
6. Purchased of E. C. Brown & Co., Montreal, per invoice of Oct. 3, 300 bush. corn at 40c, 400 bush. oats at 30c, and 350 bush. rye at 60c. Paid \$30.50 freight on this order.
7. Received cheque from H. C. Seymour for balance due.
8. Sold L. M. Thorne on account, 100 bush. rye at 65c, and 150 bush. oats at 35c.
10. Paid Jones & Williams in full.
11. Purchased a lot on Center Street, giving cheque for \$1500.
12. Bought for cash, feed for horse, \$18.
15. Sold B. P. Rogers on account, 80 bush. rye at 65c, and 100 bush corn at 45 cents.
17. Bought for cash 3 tons of coal at \$7.
18. Received cheque from K. O. Barnes for balance of his account.
19. Paid for cleaning store, \$2.
20. Sold R. A. Smith on account, 50 bbls. flour at \$5. Received from him cheque for balance owing on his last purchase.
21. Received cash from D. H. Lawson for amount due by him.
22. Paid the Union Mercantile Co. in full.
24. Sold D. H. Lawson on account, 100 bbls. flour at \$5, and 100 bush. corn at 45c.
25. Received cheque from L. M. Thorne for bill of the 8th.
26. Sold J. C. Jones for 1. h, 50 bush. oats at 35c.
27. Purchased of the Union Mercantile Co. on account, per invoice of the 25th, 200 bbls. flour at \$4.
28. Sold A. D. Frost, city, on account, 75 bush. oats at 35c, and 50 bush. rye at 65c.
29. Paid Electric Light bill, \$2.15; also wages, \$50.  
Received cash from B. P. Rogers in full for bill of the 15th.  
Paid taxes on lot, \$18.

Check over your posting.

Take trial balance. Accounts that balance will not appear in it.

Using the following inventories, close your ledger:

Merchandise—ascertain inventory from record of purchases and sales.

Office books and stationery valued at \$10. Coal worth \$15 on hand.

Furniture and fixtures valued at \$10 less than cost.

Horse and wagon worth \$175, and feed on hand worth \$5.

Centre street lot has increased in value to \$1650.

Submit your trial balance and ledger for approval.

## LESSON SEVENTEEN.

### BOOKS OF RECORD - THE SALES BOOK.

In double entry, as in single entry, a record of the transactions as they occur is made in appropriate books, called books of original entry.

The old-style plan was to enter up the transactions in a Day Book, then journalize them in a Journal. In modern accounting, however, the transactions are recorded in a manner to save a great deal of unnecessary labor by entering sales in a Sales Book, the purchases in a Purchase or Invoice Book, the cash transactions in a Cash Book, and all transactions that cannot be entered in a special book are entered in the Journal, which is a form of combined journal and day book.

Most authors still teach the student to put everything through a Journal for some time before teaching the use of the sales and other special books. We see no advantage in this, and we can certainly save you considerable time by teaching special books and their use from the outset.

In the Sales Book, sometimes call Sales or Debit Journal, which is introduced in this lesson, all sales of merchandise are entered. In large houses two sales books are sometimes used, one for Mondays, Wednesdays, and Fridays, and the other for Tuesdays, Thursdays, and Saturdays, so that while one is in the hands of the bookkeeper for posting to the ledger, the other can be used by the entry clerk for recording the sales as they occur.

Each customer is debited for the sale to him, and, at the end of the month or posting period, merchandise is credited for the total, the sales book representing the credit side of the merchandise account. You will notice that this saves considerable labor and time, as you are not required to post each item to the credit of merchandise. Each page is footed and carried forward to the next page, until the end of the month, when the last page is ruled and totalled and the total of the sales credited to the merchandise account.

Note carefully the following illustration of a sales book showing last page for a month, and make a neat copy of it. Any desired particulars may be stated in an entry, such as terms of payment and address. Only the total amount of a sale is carried to the second, or outer, money column. In posting the debits, the ledger page is placed opposite the purchaser's name in the folio column as posted.

In the case of a sale made for cash, two methods may be followed according to the conditions prevailing in a particular business, or as the proprietor may prefer. An entry for the sale may be made in the sales book, and the purchaser credited in the cash book for his payment. These personal entries may be checked in the sales and cash books before posting and no account opened for the customer, but most firms prefer to open an account with all customers, so that the amount of business done with a customer during any period may be shown in his account. The other method is to enter the sale in the cash book only. In this case merchandise is to be credited in the cash book.

## SALES BOOK July 29, 1900.

	Forward										
25	Hunter & Co.,	on acct.								876	50
	123 Bank St., City.										
	6 bbls. Flour,	\$5.00	.30	.00							
	15 bush. Corn,	.45	6	.75	36	.75					
42	G. W. Perkins,	10 days									
	203 Sparks St., City.										
	20 bush. Rye,	.65	13	.00							
	10 bbls. Flour,	\$5.00	.50	.00	63	.00					
67	F. A. Clark,	31 Note 30 days.									
	410 Wellington St., City.										
	25 bush. Oats,	.35	8	.75							
	25 bush. Corn,	.45	11	.25	20	.00					
C.B.	A. P. Rogers,	Cash									
	25 Water St., City.										
	50 bbls. Flour,	\$5.00	250	.00	250	.00					
18	Mdse. Cr.		Total Sales							1246	25

You will now perform the duties of a sales and entry clerk by entering up the sales of the transactions in Lesson 15. Then submit your sales book for approval.

## LESSON EIGHTEEN

### PURCHASE BOOK.

In the invoice or purchase book, sometimes called the credit or purchase journal, all purchases of merchandise are recorded. One method of handling the purchase book is to paste the invoices into a large-paged book, in which a money column is ruled at the right hand side of the page. The total of the invoice is extended into the column, forwarded from page to page, and the total for the month posted to the debit of merchandise account.

The better plan is to file the invoices according to an up-to-date system, and record them in a book ruled similar to a sales book, giving the name and address of the creditor, the date of the bill, and the terms. Each creditor is credited in the ledger for the amount of the bill, and merchandise account at the end of the month is debited for the total.

Note the following illustration of an invoice or purchase book, and make a neat copy of it.

#### PURCHASE BOOK - January 2, 1909.

26	Wilson & Co., Montreal, Que. Dec. 30, 1908,      10 days,	1541	60
35	Robertson & Watson, Toronto, Ont., Dec. 31, 1908,      Note 30 days 8	962	85
17	Ames & Rollinson, Winnipeg, Man., Jan. 2, 1909,      60 days,	562	10
23	Estdale & Co., Ottawa, Ont., Jan. 16, 1909,      10 days,	160	40
42	The Patton Co., Limited, London, Ont., Jan. 24, 1909,      Draft 30 days 29	1260	10
29	J. C. Russell, Hamilton, Ont., Jan. 28, 1909,      2, 10 n. 30, 30	489	50
33	Mdse. Dr.      Total Purchases	<hr/>	4976
		55	

Prepare the purchase book for the exercise of Lesson 15, and submit it for approval.

## LESSON NINETEEN.

### CASH BOOK

The cash book used in double entry is practically the same in form and method of handling as you have used in your single entry work.

Note carefully the illustration herewith, then make up the cash book for the cash transactions of Lesson 15, balancing it at the end of the month.

Submit your work to your teacher for approval.

The second entry on the debit side shows the method of entering cash sales without passing them through sales book. When it is desired to put the sales through the person's account, the sale must be entered in the sales book and the purchaser credited in the cash book.

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### CASH.

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1900						
Jan.	2	B. A. Student,	Investment,	5000		
	4	Mds.,	Sale to			
	5	J. R. A. Wells,	E. C. Watson,	150		
	6	Ames & Co.,	W'll of 3rd, acct.,	240 50		
				100	5490	50
					5490	50
Jan.	9	Balance			5092	10

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## LESSON TWENTY.

Write up the transactions of Lesson 16 into the sales, purchase, and cash books, continuing the same books as you have written up for the set of Lesson 15.

In this exercise instead of making up the sales book complete from the transactions for the month, then the purchase book and then the cash book, you will deal with the transactions in the order in which they occur, entering each in whichever book it belongs.

The first transaction, being a purchase, will be entered in the purchase book. The next transaction, being a payment on account, will be entered in the cash book. The third transaction is a sale and will, therefore, be entered in the sales book; and so on.

Rule and total the sales book and purchase book and balance the cash book.

Submit your work for approval.

## LESSON TWENTY-ONE.

Write up the set of transactions given herewith in sales book, cash book and purchase book, exercising great care to insure neat work and accurate results. The buying and selling prices of the furniture handled are as follows:

	S.P.	C.P.
Tables		
Extension Dining	\$15.00	\$10.00
Antique Oak	10.00	11.00
Kitchen	2.50	1.75
Chairs		
Dining Room	1.50	1.00
Kitchen	.50	.30
Antique Arm	18.00	12.25
Morris	13.00	9.00
Sideboards		
Oak	30.00	21.40
G. J.	25.00	17.50
Rocker Rattan	7.50	5.15

### CASH.

1909		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819</

7 Paid Jones & Co. bill of \$12.00 for Office Books and Stationery - Paid  
 Aylesworth & Co. for printing, \$8.50.  
 8 Sold H. Barton, on account, 1 Extension Dining Table, 1 doz. D.R.  
 Chairs, 1 Oak Sideboard.  
 9 Paid \$1.65 for Postage Stamps, Mailing and other small office supplies.  
 10 Sold J. D. Lester, 6 Kitchen Chairs, 1 Oak Sideboard.  
 11 Sold H. Jackson, on account, 1 Extension Dining Table, 6 D.R. Chairs,  
 1 Oak Sideboard.  
 12 Remitted Aylesworth & Co., cheque for Bill of 3rd.  
 Bought of Ottawa Furniture Co., on account, 1 doz. Kitchen Tables, 6  
 G.J. Sideboards, 6 Morris Chairs.  
 14 Received a cheque from H. Barton for the sale of the 8th.  
 15 Sold R. Hill, on account, 1 G.J. Sideboard, 1 Morris Chair, 1 Kitchen  
 Table, 4 Kitchen Chairs.  
 Sent H. K. Simpson our cheque for invoice of the 6th.  
 16 Sold A. Brown, 1 Extension Dining Table, 1 Morris Chair, 1 G.J.  
 Sideboard.  
 17 Sold W. Upton, 1 Kitchen Table, 6 Kitchen Chairs, 1 G.J. Sideboard.  
 18 Received Aylesworth & Co., on account, per invoice of the 16th, 6  
 Extension Dining Tables, 12 Antique Oak Tables, 6 Rattan Rockers.  
 19 Sold H. Barton, on account, 1 Antique Oak Table, 1 Morris Chair, 1  
 Rattan Rocker, 1 Kitchen Table.  
 20 Sold J. D. Lester, on account, 1 Extension Dining Table, 1 Rattan  
 Rocker, 1 Antique Oak Table.  
 22 Paid insurance premium on stock, by cheque, \$17.50.  
 Sold A. C. Barnes, for cash, 1 G.J. Sideboard, 1 Extension Dining  
 Table. Received his cheque in payment.  
 23 Paid for cleaning store, \$2. Paid the Capital Transfer Co's cartage bill  
 \$8.80. Bought a horse, wagon, and set of harness, paying cash, \$225.  
 Paid for hay and oats, \$13.50.  
 24 Sold H. Nichols on account, 1 Antique Oak Table, 1 Rattan Rocker, 1  
 Morris Chair.  
 Received a cheque from R. Hill for \$20 on account.  
 25 Sold R. C. Merrill, on account, 1 Dining Table, 1 Oak Sideboard, 1  
 Kitchen Table, 6 Kitchen Chairs.

27. Received cash from H. Jackson for sale of the 12th.  
 Bought of H. K. Simpson, Preston, Ont., on account, per invoice of  
 20th, 6 Oak Sideboards, 1 doz. D.R. Chairs, 12 Antique Arm Chairs.  
 Paid freight on same, \$18.25.

28. Sold R. Hill, 2 Antique Arm Chairs, 6 Dining Room Chairs, 1 Rattan Rocker.  
 Paid electric light bill, \$2.46.  
 Paid clerk's salary for the past two weeks, \$20.  
 Withdrew for private use, \$5.  
 Paid advertising bills for the month, \$18.50.

Balance your cash book and foot and rule your sales and purchase books.  
 Post to the ledger, giving each account one-quarter of a page space.  
 Take trial balance. Have your work verified by teacher.  
 The ledger is not to be closed at this stage.  
 Following are the inventories which will be used later in closing the books:  
 Merchandise - to be reckoned by the student.  
 Horse and wagon, \$220, feed on hand \$9.  
 (Exp.) Office Books, \$10.  
 Furniture and Fixtures, ad. est.

## LESSON TWENTY-TWO.

### STATEMENTS.

At the time of closing the ledger, the bookkeeper should make a statement of the losses and gains, and of the assets and liabilities, to show in condensed form the results of the ledger. After the inventories have been ascertained, the Loss and Gain Statement should be made out as in the following form:

#### Statement of Losses and Gains for Year Ending June 30, 1909.

GAINS.		
Mdse.,	4642	56
Real Estate,	250	
Interest,	26	10
Total Gains,		4918 16
LOSSES.		
Expense,	240	
Furniture and Fixtures,	50	
Discount,	18	40
Horse and Wagon,	43	10
Salaries,	900	
Total Losses,		1251 50
Net Gain,		3667 16

A statement of Assets and Liabilities, sometimes called a Balance Sheet, should next be made out, after the following form:

**Statement of Assets and Liabilities for Year Ending June 30, 1909.**

ASSETS	
Cash,	2186.52
Bills Receivable,	200
Personal Accounts Receivable,	
L. Jones,	360
W. R. Smith,	280.40
Ames & Co.,	650.90
	1291.30
Real Estate,	8000
Mdse.,	4670
Total Assets,	16347.82
LIABILITIES	
Bills Payable,	1000
Personal Accounts Payable,	
Palmer & Co.,	840.62
Ottawa Supply Co.,	150
A. C. Rogers,	92.50
	1083.12
Salaries due,	97.54
Mortgage payable,	500
Total Liabilities,	680.00
Present Worth, <del>including</del>	13667.16
Net Investment,	10000
Net Gain,	3667.16
Proof of Statement (Present Worth)	13667.16

**STATEMENTS.**

Make a neat copy of each of the foregoing statements.

Make a Loss and Gain Statement and a Balance Sheet for the set of Lesson 21.

Make a Loss and Gain, and an Asset and Liability Statement for the set of Lesson 15.

Make Financial Statements for Lesson 16.

After completing the Statements, close your ledger for the set of Lesson 21. Then submit your statements and ledger for approval.

## LESSON TWENTY-THREE.

### BILLS RECEIVABLE AND BILLS PAYABLE ACCOUNTS.

In Double Entry, accounts are kept with notes and acceptances received and issued. In the Bills Receivable account, a record is kept of notes and acceptances received from others, the account being debited for the face amount of notes and drafts received, and credited as these notes and drafts are paid. The difference between the two sides of the account at any time shows the amount due the business on notes and acceptances on hand and represents an asset.

The account is handled in the same manner as a resource personal account. It may be balanced when closing the ledger, if desired, but this is seldom done. It may be closed up when it balances. It will be seen that the credit side of this account can never be larger than the debit.

#### EXERCISE ON BILLS RECEIVABLE.

Enter up the following transactions in a Bills Receivable account and balance it, bringing the balance below the entries.

Sept. 1, Received F. C. Smith's note for \$500 for goods sold him. Sept. 3, Draft drawn on R. A. Foster has been accepted by him for \$150 on account. 4, Received R. A. Day's note for \$780 on account. 6, Received Wm. Martin's note for \$800 for bill of today. 8, Transferred F. C. Smith's note to A. Robinson & Son on account. 11, Bought a note for \$300 from Jones & Co., paying cash. 12, Received from W. B. Allen & Co., draft on A. R. Fox for \$50 on account, which we have had accepted by him. 15, Received cash from R. A. Day for his note due today. 16, Received a cheque from R. A. Foster in payment of his acceptance of the 3rd. 17, Received a note from J. R. Reid for \$640. 20, Wm. Martin has paid \$200 on his note. 22, Received cash from A. R. Fox for his acceptance. 27, Jones & Co., pay their note. 30, Show the account balanced.

Oct. 1, Balance down. 2, Draft drawn on H. C. Smith has been accepted for \$80. 5, Received J. D. McCallum's note for \$300 on account. 6, Received cash for balance due on Wm. Martin's note. 9, Sold Esdale & Co., merchandise for note, \$702.40. 10, Received from Ames & Co., draft on L. T. Avery which has been accepted, \$72.50. 12, Received note from Walsh & Co., on account \$340. 15, Received cash for J. R. Reid's note; also for H. C. Smith's acceptance. 16, Esdale & Co., pay for note in cash. 22, Collected cash for McCallum's note. 23, Received cash from L. T. Avery in full for his acceptance. 26, Walsh & Co. pay \$100 on their note. 30, Received note for \$150 from A. C. Burrows. 31, Show the account balanced.

#### BILLS PAYABLE.

A record of notes issued and drafts accepted by the business is kept in a Bills Payable account, which is credited when a note is issued or a draft accepted, and debited when a note or acceptance is paid, or when a part payment is made on a note or acceptance. The balance shows the total of outstanding notes and acceptances and is a liability. It is handled in the same manner as a liability personal account. It is evident that the debit side of this account can never exceed the credit side.

### EXERCISE ON BILLS PAYABLE.

Enter up the following transactions in a Bills Payable account.

Sept. 1, Gave P. R. Spencer note at 20 days' sight for \$100 on account. 3, Accepted Wm. Anderson's draft at 10 day sight for \$78.50 for printing. 5, Borrowed \$2000 from H. J. Turner on note at 30 days. 6, Accepted M. P. Jones' draft at 10 days' sight for \$142.80 for bill of the 5th. 10, Gave Field & Co. note at 30 days for \$250. 10, Paid acceptance favor of Wm. Anderson. 18, Accepted F. C. Paine's draft at 10 days' sight on account for \$85. 19, Paid acceptance favor of M. P. Jones. 24, Paid note favor P. R. Spencer by cheque. 28, Paid F. C. Paine's acceptance. 30, Balance the account.

Oct. 1, Balance down. 1, Gave W. P. Stewart note at 30 days for \$240.50. 5, Accepted W. Simpson's draft at 10 days' sight for \$105.50. 8, Had a note favor H. J. Turner cancelled, giving cheque for \$1000 and a new note at 30 days for \$1030, to cover balance and interest. 13, Paid Field & Co.'s note given on the 10th of Sept. 18, Paid acceptance favor Simpson due today. 20, Give J. S. Fielding note at 30 days for \$192.10 on account. 26, Accepted draft drawn by M. P. Jones at 10 days' sight for \$90.80. 31, Paid W. P. Stewart's note 3 days before due to accommodate him.

Balance the account.

### LESSON TWENTY-FOUR.

#### INTEREST ACCOUNT.

Interest is the use of money, for which a charge is made in business. If you borrow \$100 for a year, you would be asked to pay for the use of it at a certain rate per cent. If the rate agreed upon were 5 per cent., you would pay \$5 for interest.

The object of keeping an account with interest is to show the cost of the use of money received, and the returns from the use of money given. The result shows a loss or gain. For method of figuring interest, see your Arithmetic text book.

Interest account is debited for the cost or use of money received, and credited for the returns from the use of money given. The losses, therefore, appear on the debit side; gains on the credit side.

Write up the following transactions in interest in an Interest Account:

April 1, Paid cash for interest due on note, \$15. 3, Received cash \$8.10 for interest on note received from A. B. Roe. 6, Paid note due today, \$200, with interest \$4.80. 10, Paid \$150 interest on mortgage on store. 15, Received cash \$183.50 from Williams & Rogers for note due today, \$3.50 being interest. 26, Received \$10 interest on note of M. Esdale. 27, Paid Martin & Co. \$115.50 for note and interest, \$1.50 being for interest.

At the end of the month there is interest due us \$14.80, which should be entered as a resource inventory; and \$10.18 interest due on outstanding notes, which you will enter as a liability inventory. Then close the account and bring down inventories.

May 1, Paid note due today, interest on which amounted to \$2.42. 6, Received cheque from A. J. McDonald for note \$100, and interest \$1.03. 8, Collected an old account against G. P. McGuire for \$78.50, and interest thereon, \$1.16. 12, Paid a \$2000 note favor of D. K. Chamberlain, with interest \$10.23. 22, Received cash for \$20 and \$2 interest on A. C. Marks' note. 27, Collected account against K. D. Smith for \$1.80, plus \$3.40 interest. 29, Received cheque from F. C. Johnston for note \$100, and interest \$1.03. 31, Paid note due today for \$800, and interest \$8.08.

Inventories: Interest due us, \$4.79; due others, \$3.62.

Close the account and bring down inventories.

#### DISCOUNT ACCOUNT.

When you pay or receive less than the face value of commercial paper, the amount deducted is called discount. It is usually interest paid in advance. Some keep a combined "Interest and Discount" account.

The object of keeping a Discount Account is to show the amount lost or gained through discounts allowed to you and by you.

Credit discount for an amount less than the face of paper, which you pay. Debit discount for the amount less than the face of paper, which you receive. Or, the rule may be stated this way: Debit Discount account for discount allowed to others, and credit for discount allowed to us. The discount losses, therefore, appear on the debit side, and the gains on the credit side.

Write up the following transactions in a discount account:

May 1, Prepaid a note due a month hence, being allowed a discount of \$5.00. 6, J. C. Jones prepaid his note which we hold, on which we have allowed him a discount of \$2.78. 8, Received from A. H. Smith, on account, a note for \$120, which we have taken at a discount of \$3. 10, Gave Fuller & Co. a draft for \$1,000 in a month, discount 70 cents. 15, Discounted note of Frost & Co. at the bank, receiving cash for the proceeds. Face of note \$250, discount \$2.50. 17, Drew a draft on A. B. Ferguson for \$100, and discounted it at the bank, receiving credit for the proceeds, \$95; discount \$5. 25, Bought a note for \$200 at a discount of \$20. 31, Discounted three notes at bank; discount \$9.72.

Discount figured on notes and drafts on hand, and not bearing interest, \$12.68. Discount on notes outstanding, \$8.40. Enter these inventories and close the account, bringing down the inventories.

June 2, R. L. Foster transfers to us, on account, a note for \$200 not yet due, allowing a discount of \$5. 6, Prepaid a note favor of H. Gardiner for \$180, being allowed a discount of \$1.80. 9, Discounted at bank two notes on which

the discount was \$4.62. 12, Received a cheque from Williams & Rogers in pre-payment of note for \$250, discount \$2.55. 17, Discount draft on A. L. Baxter for \$82, discount 70 cents. 23, Bought a note for \$300 at \$250. 27, Received cash \$162.50 in payment of a note for \$105. 30, Prepaid note favor of H. J. Oliver for \$100, discount allowed \$1.05.

Inventories: Discount on notes and drafts on hand, and not bearing interest, \$8.31; on outstanding paper, \$6.68.

**Close** the account and bring down inventories.

#### MERCHANDISE DISCOUNT ACCOUNT.

Merchandise Discount is usually described as an allowance made for prepayment of a bill of goods. When goods are sold, certain "terms" are agreed upon. The customer is to be allowed, say, sixty days for payment, with the privilege of prepaying at a discount of, say, 5 per cent. if paid within ten days, or 3 per cent. if paid within thirty days. These terms would be expressed briefly: 5 10, 3 30, n 60. The discount allowed in the first case will be 5 100 of the amount of the bill, and in the second case, 3 100.

The object of Merchandise Discount Account is to show what the prepayment of bills to us and by us has cost and return us.

Debit merchandise discount account for discount allowed by us, and credit for discount allowed to us. The account is usually closed into merchandise, though some consider that it should be closed into loss and gain.

**Write up the following transactions in a merchandise discount account:**

June 1, Paid bill of Foster & Co. for \$150, on which we are allowed a discount of \$4.50. 4, Paid A. H. Fish's bill of \$200, less \$10 discount. 8, Received payment from H. T. Loomis for bill of \$178.50, on which we allow him 5 per cent. discount, \$8.93. 10, Received cheque for \$65 from J. A. Haines in payment of his bill of \$100, less cash discount. 15, P. R. Spencer hands us \$60.50 in payment of his bill of \$70. 20, Sent S. S. Packard a cheque for \$245 in payment of bill of \$250, less the cash discount. 25, Allowed a discount of \$10.50 on bill of Bennie Bros. 30, Sent Carpenter & Son a cheque for \$330.50 in payment of bill for \$350, less cash discount.

Following the plan of closing into Merchandise account, close this account, entering "Merchandise," and the balance in red ink on the smaller side. This balance, in a regular set, should then be carried to Merchandise Account.

July 3, Paid H. A. Fish's bill of \$280, less 5 per cent. discount. 5, Received cheque from P. R. Spencer for \$145.50 in payment of his last purchase of \$150, less 3 per cent. discount. 8, Received cheque from Ross & Co. for bill of \$100, less 2 per cent. 10, Paid bill of Foster & Co., \$650, less 3 per cent. discount. 12, Allowed Percival & Son a discount of 3 per cent. on their bill of \$91. 16, Received cash \$16 in payment of an account for \$18. 20, Received cheque from H. T. Loomis for \$150.75 in payment of bill for \$105. 23, Received cheque for \$85.50,

from James Paul for bill of \$90, less 5 per cent. 25, Paid S. S. Packard's bill of \$200, less 3 per cent. Received cheque for \$20.00 from Bennie Bros. for bill of \$22, less 5 per cent. 31, Allowed A. J. Millions a discount of \$0.50 on his account.

Close the account.

**TRADE DISCOUNT.** A form of discount which must not be confused with Merchandise Discount, is that allowed from list prices published in a catalogue or price list, and called Trade Discount. Manufacturers and wholesalers issue price lists and catalogues from time to time, the prices in which are called the "List prices." From the "list prices," discounts are made, varying according to the demands of the market. These discounts are called Trade Discounts, and are taken off at the time of making out the bill. If a merchant quotes \$2 per dozen for a certain article, with discounts of 20 per cent. and 10 per cent., \$2 is the list price from which the two discounts must be taken successively to arrive at the regular selling price. Merchandise discount, sometimes called cash discount, is an allowance made for paying a bill before due. When the sale is made the entry is made at the regular selling price, and the merchandise discount taken into account only if the bill is paid before due.

**COLLECTION AND EXCHANGE.** In depositing cheques drawn on banks outside of your City, and for drafts collected by it, your bank will charge something for collection. For these collection items, and for exchange on bank drafts, a Collection and Exchange account is kept, which should be debited for costs arising from these sources and credited for any gains therefrom.

Submit all of your work of this lesson for approval.

## LESSON TWENTY-FIVE.

### THE JOURNAL.

Thus far you have learned that sales are entered in the Sales Book, purchases in the Purchase Book, and cash entries in the Cash Book. In addition there are many entries that cannot be made in these books, and for these the Journal is provided.

In the Journal, entries are made for all transactions that are not sales, purchases, or cash. In it, also, all complicated entries, cross entries, correction entries, etc., are made.

The debits and credits of each journalized transaction are recorded along with a complete explanation of the transaction, as shown in the Journal following.

Study carefully the method of entering the following transactions, then write them up on journal paper without reference to the model journal, afterwards correcting your entries:

Jan. 2, R. A. Smith has this day engaged in the Feed and Grain business at 201 Bank Street, with invested capital as follows: Cash on hand and in bank \$1825; merchandise per inventory, \$3100.50; account against F. C. Wood for \$80.50. Total investment, \$5000.00. You notice that the debits are given first and the credit entry last. The cash will be transferred to the cash book. In each entry the total debits must equal the total credits. Note that the debit entry is placed to the extreme left of the ledger title column, and the credits to the right.

3. Received a note at sixty days from L. E. Day for his purchase of yesterday, \$128.00. Bills receivable account must be debited and Day must be credited for the amount of the note.

4. Gave J. C. Jones note at three months for \$800 on account. Jones must be debited and bills payable must be credited.

5. James & Foster have returned \$18.20 worth of goods sold them yesterday, as not being satisfactory. Debit merchandise account for merchandise coming into business and credit the customer.

6. Return \$24.50 worth of goods to S. S. Packard as being unsatisfactory. Debit Packard and credit merchandise account.

8. Wilson & Co. having claimed a rebate of \$10 on last bill, we have allowed it. Debit merchandise account for this because it was credited for it at the time of sale. Credit Wilson & Co.

9. H. K. McIntosh claims that there was an over-charge of \$1.50 on his last bill, and asks to have the bill corrected. As merchandise account was credited for the sale through the Sales Book, it must now be debited for the reduction on the bill. McIntosh must, of course, be credited now as he was debited for this before.

10. We claim there was an over-charge on invoice from Fraser & Co. amounting to \$3, and they have made the correction. The invoice had originally been entered for the amount shown thereon.

11. Placed insurance on stock of goods and gave a thirty day note for the premium \$25. If we wish to keep an insurance account it would be debited. If not we must debit expense.

12. In checking over our work we find that we charged N. H. Moore for a sale of \$50, which should have been charged to Morin & Co. Moore having been debited before must now be credited to offset the first entry, and Morin & Co. must be debited.

13. You have been admitted to partnership with R. A. Smith receiving a half interest, and investing the following assets and liabilities: Cash personal cheque, \$5202.85; note of H. Wells for \$100 on which there is \$2.15 interest due; merchandise per inventory filed \$40. You owe on a note favor of Jamieson & Co., \$200, which the firm assumes and on which there is \$4 interest due; you owe S. Davis on account \$75.

16. F. Mills being unable to pay off his note of \$200 due today with interest \$3.10, gives us \$53.10, and a new note for \$150 with interest.

Ottawa, Jan. 2, 1909.

R. A. Smith has this day engaged in the Feed and Grain business at 201 Bank Street, with invested capital as follows:				
Cash, on hand and in bank,	1825			
Mdse., per inventory,	3160	50		
F. C. Woods, balance due,	80	50		
R. A. Smith, Investment,			5066	
Bills Receivable,	128	60	128	60
L. E. Day,				
Received note at sixty days for bill of yesterday.				
J. C. Jones,	800		800	
Notes payable,				
Gave note at three months on account.				
Mdse., James & Foster,	18	20	18	20
Returned goods from sale of yesterday.				
S. S. Packard,	24	50	24	50
Mdse.,				
Returned goods not satisfactory.				
Mdse., Wilson & Co.,	10		10	
Allowed them a rebate on last bill as claimed.				
Mdse., H. K. McIntosh,	1	50	1	50
Allowed him for overcharge on bill of 5th.				
Fraser & Co.,	3		3	
Mdse.,				
Overcharge on their invoice of the 8th.				
Expense,	25		25	
Bills Payable				
Gave note at thirty days to Ottawa Fire Insurance Co., for premium on insurance policy on stock.				
Morin & Co., N. H. Moore,	50		50	
Entry to correct debit to N. H. Moore on the 10th, which should have been Morin & Company.				

JANUARY 15, 1909.

B. A. Student's cash, balance on hand	
Cash, personal charge	520.85
Bills Receivable, H. Wells' note	100
Interest, due him	2.15
Moss, per inventory filed	40
Bills Payable, A. James' note	200
Interest, on above note	4
S. Davis, due him	75
B. A. Student, net investment	500.00
Cash	53.10
Bills Recd.	150
Bills Recd.	200
Interest	3.10

H. Wells gives cheque for \$50.00 on note due, and interest, and a new note for balance.

#### JOURNAL ENTRIES FOR DRAFTS.

As you have learned, a draft is an order on a debtor to pay a certain amount on the creditor's account. You may draw on a debtor in your own favor. In such a case you will not make an entry until the draft is collected, if a sight draft, or until it is accepted, if it is a time draft. When a draft is drawn on a debtor and given to your bank to be collected, no entry will be made until the bank reports collection; when, of course, you will credit the debtor (debtor) in the cash book. A memorandum should be made in lead pencil on the debtor's account when the draft is given so that no second draft may not be drawn or any other action taken until the matter is reported upon by the bank.

No. 15.	Due	Ottawa, Ont., May 10, 1909
At sight		Pay to
the order of BANK OF OTTAWA		
\$25.00		
Twenty-five and 00 Dollars		
Value received, and charge to account of		
To F. H. MOSS,		D. J. OLIVER
Toronto, Ont.		

When you draw on a debtor in favor of a creditor you will make an entry debiting the creditor and crediting the debtor. The draft will be given to the creditor, who will have it accepted. Should the debtor refuse to accept it, a cross entry will have to be made charging the debtor again and crediting the creditor, so as to leave their accounts in the same condition as before the draft was drawn.

#### THREE PARTY DRAFT.

No. 61	Due	Ottawa, Ont., May 10, 1909
At ten days' sight		Pay to
the order of Wm. Pattie		\$56 <sup>10</sup> <sub>xx</sub>
Fifty-six and <sup>10</sup> <sub>xx</sub>		Dollars
Value received and charge to account of		
To T. A. SIBBITT, Carleton Place, Ont.	S. T. LARKIN.	

When you accept a draft drawn on you by a creditor, you will of course debit the drawer (the creditor) and credit bills payable.

#### YOUR ACCEPTANCE.

No. 18	Due	Toronto, Ont., May 10, 1909
At ten days' sight		Pay to
the order of Ourselves		\$50 <sup>00</sup> <sub>xx</sub>
Fifty and <sup>00</sup> <sub>xx</sub>		Dollars
Value received and charge to account of		
To B. A. STUDENT, Ottawa, Ont.	AMES & CO.	

Write across draft in red ink, a short distance from left-hand end, "Accepted May 12, 1909. Payable at the Bank of Ottawa. B. A. Student."

A draft at sight when received by you is entered as cash. When you accept a sight draft, it will be entered as cash paid, though it will not as a matter of fact be paid by the bank for three days. Upon accepting a sight draft you must deduct it from your bank balance on the stub of your check book.

Examples of journal entries for drafts:

Jan. 5. Gave Ames & Co. a draft at thirty days' sight on R. L. Foster for \$100

Ames & Co.	\$100.00
R. L. Foster	\$100.00

Gave Ames & Co. draft on R. L. Foster at  
thirty days' sight on account.

6. Accepted draft drawn on us by Wilson & Co., in favor of H. K. McIntosh  
at 10 days' sight for \$50.

Wilson & Co.,	\$50.00
Bills Payable	\$50.00

Accepted draft at ten days sight by Wilson  
& Co., favor of H. K. McIntosh.

7. Lawrence & Smith have sent us a draft for \$45 at thirty days, on R.  
Osborne on account, which we have had accepted.

Bills Receivable,	\$45.00
Lawrence & Smith,	\$45.00

Received on account from Lawrence &  
Smith, draft at 30 days on R. Osborne.

CASH BOOK ENTRIES FOR NOTES AND DRAFTS.

When you pay an acceptance or note, on the credit side of the cash book you will debit bills payable. When you receive payment for an acceptance or note, on the debit side of the cash book you will credit bills receivable.

When you prepay an acceptance or note there will be discount to be taken into account. On the credit side of the cash book make an entry debiting bills payable for the full amount of the note, and on the debit side credit discount for the amount of discount allowed. This is the same as if the amount of the note had been paid, and the amount of the discount returned.

If the acceptance or note is interest bearing, the amount of the interest will be entered on the credit side of the cash book, debiting interest. In the case of receiving payment of an acceptance or note, the entries will be reversed. On the debit side credit bills receivable for the full amount of the note, and if there is interest, on the same side credit interest, as though the total amount of note and interest had been received. Then on the credit side debit discount, as though the discount had been paid.

A frequent use of drafts is to obtain ready funds by drawing on customers whose accounts are not yet due, making the drafts to fall due at the maturity of the accounts, which drafts, made in favor of the bank are discounted and the proceeds credited to the drawer. For instance: Williams & Falls, Pembroke, have purchased \$250 worth of goods from you, payable in 60 days. To secure

the money now, you make out a draft at 60 days from the date of the invoice, and have it discounted at the bank, thus having the use of the money, less the interest in advance (discount).

The draft would be made out as follows:

DRAFT FORM.

No. 23	Due Aug 4	Ottawa, Ont., Jun. 2, 1909
Sixty days after date		Pay to
the order of BANK OF OTTAWA		\$250 <sup>00</sup>
Two Hundred Fifty and $\frac{00}{xx}$		Dollars
Value received and charge to account of		
To WILLIAMS & FALLS, Pembroke, Ont. }	B. A. STUDENT	

For this you will credit the customer for the amount of the draft on the debit side of the Cash Book, and debit discount on the credit side of the Cash Book, the difference showing the cash received.

Note how the following are entered in the cash book shown. Then write them up in the Cash Book without referring to the model, afterwards correcting your work.

- April 1. Paid note favor Ames & Co. due today, \$150.25.
3. Received payment of B. D. Johnson's note due today, \$70.50.
5. Paid note favor Fraser & Son, due today, \$100, with interest \$5.
6. Received payment of R. Doe's note, \$50, and interest \$2.50.
8. Prepaid note favor Foster & Raines. Face of note, \$100; Interest \$3.50; discount, \$2.10.
9. Received payment of James Stewart's note due next month. Face of note \$180; interest, \$4.50; discount 90 cents.
10. Discounted at bank Lawson & Son's note. Face of note \$250; interest \$4.10; discount \$2.80.
11. Received sight draft for \$25 from A. H. Pyper, on account.
12. Accepted sight draft for \$85, plus 15 cents exchange, drawn by Star Printing Co. Made acceptance payable at Bank of Ottawa here.
14. Have drawn draft at sixty days on Williams & Falls, Pembroke, for amount of bill of goods shipped today, \$250, and discounted it at bank, receiving credit for the proceeds. Discount 7 per cent. for sixty-three days, \$2.50.

## CASH

1900

Apr.					1200
	1	Balance			
	3	Bills Rec'd.	D. J. Johnson's Note	79 50	
	6	Bills Rec'd.	R. Doe's Note	50	
	6	Interest	On above	2 50	
	8	Discount	Foster & Raines' Note	2 10	
	9	Bills Rec'd.	J. Stewart's Note	180	
	9	Interest	On above	4 50	
	10	Bills Rec'd.	D. J. Lawson's Note	250	
	10	Interest	On above	4 10	
	11	A. H. Pyper	S. D. T., on ac't.	25	
	14	Williams & Falls	D. L. D. on 6 days	250	

Note that the acceptances and notes must always be entered at their face value. Any variation in the amount as paid for a note or an acceptance belongs to interest, discount, or exchange.

A draft may be drawn to read a certain time "after date," in which case it will draw at the end of the time computed from the date of the draft. Or it may be drawn at a certain time "after sight," in which case the time will be computed from the date of acceptance; "after sight" meaning, simply, after acceptance.

Of course days of grace must be included in every case in finding due dates.

An order payable in cash, when received or transferred by you, is an order for cash. Such an order is a written request. Following is an example of an order:

Ottawa, Ont., May 1, 1900.

Mr. F. Salter,

Dear Sir,

Please pay R. C. Fleming Ten Dollars and charge to my account.

Chambers

An order may be made payable in goods. When such is presented to you, the goods will be given out and the entry will be the same as for a sale, the person who signed the order being charged for it. When an order of this kind is given by you, your entry will be the same as for a regular draft. Following is a form of order payable in goods:

Toronto, Ont., June 10, 1900.

Mr. A. R. Osborne,

Dear Sir,—

Please give Mr. F. H. Cuthbert such goods from your store as he may wish to the amount of \$10, and charge to my account.

Yours,

## Cash

1900

Apr.	1	Bills Pay'd,	Ames & Co., Note	150	2.
5		Bills Pay'd,	Fraser & Son Note	100	
7		Interest,	On above	5	
8		Bill Pay'd,	Foster & Jones' Note	100	
8		Interest,	On above	3	50
9		Discount,	Stewart's Note	.90	
10		Discount,	Lawson's Note	2	80
12		Star Ptg. Co.,	St. Ott. in full	.95	
12		Exchange,	On above		15
14		Discount,	William & Falls Ott.	2	50

## Bank

For remitting large amounts, bank draft is generally used. Your bank will charge a small fee for the service. You may also remit by mail, in which case you will be charged a flat fee, which varies according to the amount you remit. Your credit limit will be used.

The Bank of Ottawa	No.
Mon. / Que.	\$
Pay to the order of	19
Bank of Montreal	Dollar.
31 FINE STREET, NEW YORK CITY	FOR THE BANK OF OTTAWA
Manager	Accountant.

To draft a requisition form similar to the following must

## BANK OF OTTAWA.

Form 18

190

IN PAYMENT OF

Dr:

In:

For the sum of

\$

Ex. per Rate

\$

want

It is always preferable to have the bank draft made out in your own name if you are the sender. Then endorse it over to the person or firm to whom you wish to send it.

In giving the bank a cheque in payment of the draft, you make out the cheque payable to your own order and endorse it over to the bank; or "to draft on \_\_\_\_\_", naming the place in which the bank upon which the draft is drawn is located; or to the order of your bank. Make out the cheque to cover the amount of the draft plus exchange.

#### EXERCISE.

Write up the required entries for the following transactions, using Journal and Cash Book:

Jan. 1, R. A. Smith began the Dry Goods business this day investing cash \$4000; note against C. P. Clift for \$150, on which there is interest due \$4.28. He owes a note of \$500, on which there is interest accrued \$7.10. 2, Gave Bates & Co. our note at 60 days to balance our account \$120.60. 3, Received cheque from H. F. Shaver in payment of his note of \$46.50. 4, Received note at 30 days from P. D. Thornton for \$82, to balance his account. 5, H. P. Fraser has transferred to us a note against T. D. McLean made today at 30 days for \$50. 7, Gave Robertson & Son our cheque for \$17.50 to pay accrued interest on our note in their favor. 8, T. L. Johnston has given us his note at one month for \$250 on account. 9, Received cheque from L. R. Baxter to pay for note of \$200 and interest \$8.10. 10, Transferred to Flynn & Co. on account a note which we hold against A. B. Foster for \$125, less \$2.25 discount. 11, Webster & Co. present to us, to be applied on account, our note for \$180 given to R. A. Smith two months ago, plus interest \$1.80. 12, We have given Lawson & Co. an order on S. W. Hammond, payable in merchandise to the amount of \$18. 13, Bought on office desk from the Ottawa Supply Co., price \$50, and gave them in payment an order on R. K. Patterson payable in cash. 14, A. L. Smith having presented a cash order on us drawn by N. A. Hall, we have paid it by cheque, \$20. H. C. Cox sends us on account his 60-day draft for \$80 on Potter & Smith, which has been presented today and accepted. We have forwarded the Montreal Tea Co. on account our 30-day draft on J. P. Hopper for \$129.50. 15, Have purchased a New York draft for \$100 at our bank and forwarded it to Miller & Rutherford on account. Gave cheque for \$100.25 to cover draft and exchange. Gave our cheque to Bank of Montreal for our note in their favor for two months, \$200, with interest \$2.20. 16, Wm. Diamond has renewed his note for \$190, with interest due \$14.60, by giving us a new note at 60 days for the total amount. Received from E. A. Martin, a New York draft for \$65 as a part payment of his note. 17, Received cheque from T. C. Neilson for \$178.20 in payment of his last purchase of \$180, less discount (merchandise discount). We have forwarded Dadson & Son our cheque for \$104 in payment of their last invoice of \$200, less discount of 3 per cent. 18, Our bank reports collection of our draft on D. J. Oliver for \$49.80, charging 25 cents for collecting; the proceeds are placed to our credit. 19, Our bank reports collection of R. A. Sprout's note of \$100, with accrued interest \$6.00. Deducting collection charges 50 cents, they credit us with the proceeds. 20, A. Remington sends us his cheque for \$50 in payment of his account, which we have deposited at the bank, being charged 15 cents for collection. 21, Discounted at bank E. C. Blair's note of \$150, with interest to maturity \$5.20; discount deducted, \$3.40. Having offered N. C. Cummings a discount of \$10 on his note for \$100 for prepayment at once, he accepts the proposition and sends in his cheque for the \$90. 22, R. A. Colson who owes us on a note \$40, and interest to date \$3.20, has made some repairs to our counters and shelving, for which he charges \$18.50, and gives us cash for the balance due. The Witness Printing Co.

has presented a bill for advertising amounting to \$28.50, and as the managing director of the Company, H. K. Box, owes us on his personal account, at his request we have passed the amount of the bill to his credit. 23, We have returned a box of goods billed at \$11.28, to Caldwell Bros., as it is not satisfactory. The bursting of a water pipe in our building having caused damage to goods to the amount of \$45, we applied to the landlord to stand the expense, and he has this day given us his cheque for the amount. Borrowed cash from the Bank of Ottawa on my note at 30 days, face of note being \$2000, and discount \$12.60. Paid our note favor of A. R. Heakin for \$1000, giving a new note for \$750, and cheque for the balance, including interest \$8.42. 24, J. P. Dunne has sent us his draft on A. P. Taylor at 30 days' sight for \$150.50 to balance his account. 25, Discounted at Bank A. J. Paul's acceptance. Face of draft \$180.20; interest \$2.60; discount \$1.91. Accepted, payable at our bank here, F. C. Johnston's sight draft for \$15 on account. 26, Prepaid a note favor of A. H. Pyper for \$250; accrued interest, \$7.00; discount, \$4.18. A. H. Martin has made a part payment of \$25 on his note for \$100. 28, Paid bill of Foster & Co by cheque, \$650, less 3 per cent. discount. Received cheque from Lawson & Co. for bill of \$100 less 5 per cent. 29, Received cheque from P. R. Spencer for \$145.50 in payment of his last purchase of \$150, less discount. Paid Jackson & Son's bill of \$200 by cheque, less 3 per cent. discount. 30, Admitted S. J. Adams to partnership with equal interest in the business, his investing resources as follows, together with liabilities assumed by the partnership:

Cash, \$1800; Mdse., \$1850; account against Wm. Gordon \$50; and Robert Ash, \$110.00. He owes J. D. McNeill \$180.

Balance your cash book.

Write out copies of all drafts shown in this lesson, and hand in your journal and cash book exercises to be verified.

## LESSON TWENTY-SIX.

### THE BILL BOOK.

In addition to the record of notes and drafts made in the journal, a bill book is usually kept in which full particulars of each note and draft, showing due date, are entered. The bill book used in this way is just an auxiliary. It may also be used as a principal book from which the total is posted direct to Bills Receivable Account in the ledger, and the personal debits and credits to the proper accounts, without passing through the journal.

In the illustration herewith the bill book as a principal book is shown. A bill book is usually made in two sections: one for notes and drafts received, the other for notes and drafts payable. The headings of the different columns indicate the information to be entered regarding each paper.

### BILLS AND NOTES

Date Received.	Drawer or Endorser.	Maker or Drawee (Payer)	In whose favor (Payee)	Where Payable	Date	Time to run
1906					1909	
Jan. 3	J. Jones	Our own	Bk. of Ottawa		Jan.	2 30d
" 6	R. H. Way	" "	" "		"	6 60d
" 10	F. D. Reade	R. C. Cole	" "	" "	"	10 10d

### BILLS AND NOTES

Date Given	Drawer or Endorser.	Maker or Drawer (Payer)	In whose Favor (Payee)	Where Payable	Date	Time to run
1906					1909	
Jan. 6		Ourselves	P. D. Brouse	Bk. of Ottawa	Jan.	6 30d
" 9	T. B. White	"	R. A. Lawson	" "	"	9 10d
" 20	H. K. Taylor	"	Watts & Co.	" "	"	20 60d

Note that when a note or draft is disposed of a memorandum is made in the last column of the bill book.

The total of each book should be posted at the end of every month.

When the bill book is used as a principal book, as you will use it in all your work, simple entries for notes and drafts received and disposed of will not appear in the journal. More complicated entries should, however, be made in the journal first, and then entered and checked in the bill book.

### EXERCISE.

Enter up the following transactions in bill book, journal and cash book, using the bill book as a principal book but entering compound entries in the journal, and checking, therein, such entries as are to be transferred to bill book and cash book.

May 1, Gave Mason & Co. our note at 30 days, payable at the Bank of Ottawa, for \$150 on account. 3, Received a note from A. T. Stewart for \$200 at 30 days in full of his account. 6, Gave Rogers & Franklin our note for \$2000 at one month with interest at 5 per cent., payable at the Bank of Ottawa. 7, Accepted Tracey & Munson's draft at 10 days' sight for \$65.50, payable at the Bank of Ottawa. 9, H. P. Fraser has transferred to us a note against T. D. McLean, made yesterday, at 30 days for \$50. 12, T. L. Johnston has given us his note at one month for \$250, payable at the Bank of Montreal. 15, H. C. Cox sends us on account, his 60-day draft dated five days ago for \$80, on Potter & Smith, which has been presented and accepted. 20, We have paid Tracey & Munson's draft of May 7 by having it charged to our account at the bank. 25,

## RECEIVABLE.

Year	When Due.											Am'tnt. Int.	Account to be credited.	Page	When & how disposed of.
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.				
1909		4										200 — 5 <sup>1/2</sup>	J. Jones	51	
" 23		10										175.60 —	R. H. Way	98	
												50 — 5	R. C. Cole	72	Jan. 23, paid
<b>Bills Rec</b>	<b>ei</b>	<b>va</b>	<b>bl'e</b>	<b>Dr.</b>								<b>425.60</b>			8

## PAYABLE.

Year	When Due.											Am'tnt. Int.	Account to be debited.	Page	When & how disposed of.
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.				
1909		8										650 — 5 <sup>1/2</sup>	P. D. Brouse	16	
" 21		21										200 — —	R. A. Lawson	18	Jan. 21, paid
" 24												80 — 5	Watts & Co.	19	
<b>Bills Payable Cr.</b>												<b>930 —</b>			9

Discounted at our bank A. T. Stewart's note received May 3, 28, Accepted F. C. Parker's draft at 10 days' sight, payable at the Bank of Ottawa, for \$175.80. Received a note from J. P. Dunne for \$200 dated May 27, at 30 days, interest 5 per cent.

Rule up both Bills Receivable and Bills Payable books.

June 1, Received a note at 60 days from G. W. Gust dated May 31, for \$50. 3. Paid note due today. 9, Not being able to pay in full Rogers & Franklin's note due today, we give them a cheque for \$500.04, to cover a payment of \$500 on the note and \$9.04 interest to date, and a new note for \$1500 at 30 days with interest at 5 per cent. Make compound entry in the journal. Enter the new note in the bill book; check the item, writing "J" and the journal page in the folio column; and in the journal, check the bills payable credit item, placing "B.B." in the folio column. Enter the cheque in the cash book, checking both cash book and journal items. 10, Transferred L. L. Johnston's note to Wm. Shaver & Co., on account. Draft due today has been charged to our account at the bank. Received a cheque from T. D. McLean for note due today. 15, Received a note from H. Marvin for \$300 with interest at 5 per cent., payable in 60 days at the Quebec Bank. 20, Accepted R. O. Baldwin's draft for \$92.50, dated June 18, and payable 30 days after date at Imperial Bank. 26, Transferred Potter & Smith's acceptance to S. W. M., less discount to maturity. 29, J. P. Dunne not being able to pay in full his note due today, we have agreed to accept his cheque for \$100 and a new note for 30 days for the balance and interest due to date. Enter in the journal, bill book and cash book, in manner similar to that followed in the transaction of June 9, checking items in journal, bill book and cash book.

Rule up both bill books and present your work for approval.

## Business Practice Set Two.

You are now to work out a business practice set, giving an excellent drill in the practical application of the accounting principles you have learned, and in the handling of commercial paper and banking.

You must perform each transaction just as directed; must exercise the closest care with your work, completing each step before proceeding to the next. Be systematic, and do the best work of which you are capable, working intelligently at all times. Do not try to rush through. Take time to study out carefully the instruction given. Remember you are laying the foundation for a career, and your future success will depend in no small degree upon your faithfulness in this work.

October 1.

You are to engage in the jobbing of teas and coffees, operating under the trade name of "The Empire Tea Company." You are to start as sole proprietor with an investment of \$5000 (1). This amount, together with all incoming papers, will be found in the package supplied you, arranged in the order of the transactions in connection with which they are to be used.

Open an account at the College bank and deposit all your cash except \$25. Having arranged to lease the store at 185 Queen Street, Ottawa, Ont., from the landlord, A. J. Watt, at \$150 a month, you will sign the lease which he has drawn up. Take the lease (2) from your package of incoming papers, and after reading it through carefully, sign your own name in the place indicated, having it witnessed by your teacher.

As the lease calls for payment of the rent monthly in advance make out a cheque for the first month's rent and place it in your "Outgoing Papers File." Remove from your package the receipt (3) from Mr. Watt and place it in your Voucher File.

A lease for a period of one year and under may be made verbally. A verbal lease for a period not exceeding three years is binding if possession is taken and payment of rent made. In Quebec leases for over one year must be registered. It is very unwise, however, not to have a lease for a year or more in writing, as a mis-understanding frequently arises as the result of not having the terms and conditions of the lease in a form that cannot be disputed.

In your lease the term is stated as one year, and on the last day of the year your tenancy terminates, and you may move out without notice. If you stay on without making a new lease for a definite period, upon payment of rent for the first month of the new period, you become a "yearly" tenant. In such a case, in order to leave at the expiration of the next year, you will be required to give notice of your intention six full calendar months prior to the expiration of the year. On the other hand, the landlord, should he wish you to leave, will have to give you a "Notice to Quit" six months prior to the end of the year.

Always get a receipt of some sort for a payment. If you give a cheque as payment, make it out to serve as a complete receipt when returned by your bank, by stating on it what the payment covers. To take a receipt for a payment made by cheque gives you the advantage of having a voucher for immediate filing.

A receipt is not absolute evidence of payment, but serves as good evidence unless and until set aside by proof of mistake, fraud, or some other cause for its possession by the holder without payment.

A receipt made "in full of account to date" is simply an acknowledgment of the receipt of the amount stated. If it should be discovered that an item of

charge was overlooked at the time of payment, the unpaid amount could be collected.

If you receive a cheque made out "in full of account" you may endorse and cash or deposit at your bank without losing your right to collect any balance due.

A creditor is expected to give a receipt on payment of a debt, but should he refuse, pay him the money only in the presence of a witness. He would be compelled to give up a note or other security upon being paid for it.

Preserve all receipts and other vouchers.

Having made the necessary arrangements for premises you will purchase a set of books from D. L. Foster, as shown in the bill (4) of this date in your package. Pay the bill in cash. Notice that it has been receipted. Place it in your voucher file.

Having a set of books, you will now open them, entering up the transactions already completed. There are three. 1, The Investment. 2, The Payment of rent. 3, The payment of bill for office books.

As the store you have rented is provided with shelving and counters, you will not require to purchase anything of this nature. You will, however, require some office furniture, and have purchased the necessary articles as shown in the bill (5) of H. T. Gay. Make out a cheque in payment. File the bill in the proper place. You will not be told every time to file papers, being expected to know that such is required, but in new transactions directions may be given.

Fill out an order blank, from the package furnished you by Jackson & Smith, who are located in your city, ordering 25 hf. ch. Oolong tea; 25 hf. ch. Japan tea; 50 mats Java coffee; 10 bags Rio coffee. Having called upon them and handed in the order (place it in the outgoing envelope) the goods have been delivered to you, and upon checking them up with the invoice received (6), which you will note corresponds with the order given, you find them correct. Place a cheque mark opposite each, and also opposite the extension if correct. Then check the total if it is correct.

Make the proper entry. Place the bill in "Unpaid Bills File."

Write a letter to Emskine & Co., 1283 Craig St., Montreal, Que., ordering the following at their regular terms: 10 hf. ch. Ceylon tea, 10 hf. ch. Y. H. tea, 10 bags Maracaibo coffee, 5 bales Mocha coffee. As this is your first order to them, they will require a reference as to your financial responsibility. You will, therefore, refer them to your bank for this information. Place the letter with outgoing papers. If not properly written it will be returned to be re-written.

Engage R. T. McCarthy and J. D. King as general clerks at a salary of \$10 a week each.

Pay \$1 for postage stamps. When you have not the correct change to pay a bill you may secure it at the bank.

As you will need a supply of stationery including bill heads, letter heads, and envelopes, you will give your order for such a supply to Poole & Young. No entry.

Post your entries for the day, giving each account a half page. Post the sale book, purchase book, cash book, bill books, and journal in the order named.

Prove your cash.

October 2.

Write a letter to the Fraser Co., 708 Notre Dame St., Montreal, Que., ordering the following at their regular terms: 20 hf. ch. Y.H. tea, 10 hf. ch. Ceylon tea, 10 bales Mocha coffee, 10 mats Java coffee. Refer them to your bank.

Having chosen a trade name other than your own, it will be necessary to register a statement at the City Registry Office to the effect that you are the sole proprietor. This costs you \$1. Place the amount in the outgoing file.

You will send to your customers at the following prices:

Japan tea, 175 lbs. ht. ch., 30c a lb.

Ceylon tea, 100 lbs. ht. ch., 30c a lb.

Oolong tea, 150 lbs. ht. ch., 50c a lb.

V. H. tea, 170 lbs. ht. ch., 35c a lb.

Java coffee, 175 lbs. matty, 30c a lb.

Rio coffee, 1125 lbs. bags, 20c a lb.

Mocha coffee, 175 lbs. bag, 20c a lb.

Mocha coffee, 150 lbs. - 6 bags, 35c a lb.

Make a copy of this price-list to keep before you.

Receive printed stationery from Paul & Young. As you notice by their bill they will allow you a per cent. discount for immediate payment. Make out a cheque for the net amount and place in outgoing file.

You have made the following sales today—make out the bills and place in outgoing file:

L. R. Foster, 285 Bank St., City, terms 2 to, n. 30c, 5 lbs. ch. Japan tea, 5 lbs. ch. Oolong tea, 10 mats Java coffee, 4 bags Rio coffee.

N. O. Hopkins, 321 Wellington St., City, terms note at 30 days, 3 bags Rio coffee, 5 mats Java coffee.

The sales of today have been secured as the result of personal soliciting, but as judicious advertising is a business-getter, you have arranged with the advertising manager of the Ottawa Telegram to advertise in that paper. You have decided on a thousand-line space contract at 3c a line, to be used as desired, and paid for monthly as used. Sign the contract (S), which you will find in your package of incoming papers. The agent has signed the copy of the contract, as you will notice, and this you will file in your special file. Place the original with outgoing paper.

The experience of advertisers has proven the wisdom of keeping your advertisements continuously before the public. The form of contract which you have signed permits you to use as much space as you please in any day's issue of the paper. Some firms believe in keeping a space of the same size running every day. Others insert the advertisement every other day, while still others believe it better to run larger space less often, on the inference that the larger advertisement attracts more because of its size and also because of the fact that it is not seen every day. For the present you will insert a thirty-line advertisement on Tuesdays, Thursdays, and Saturdays.

In measuring advertisements, when the word "line" is used it does not refer to the actual printed line. Newspapers now measure by what they call the "crown," measuring neatly, fourteen and a half lines making one inch. The advertisement you have arranged for will be a little over two inches in length and one column wide.

To conduct a successful advertising campaign many things have to be taken into consideration: the nature of the proposition, the class of people intended to be reached, the amount that can be expended judiciously, etc. You are advised, as a first step to success, to go to an expert, to study the advertisements in the newspapers with a view to laying a foundation for successful ad-writing.

Post and prove your cash.

October 3.

Receive goods ordered of Erskine & Co., as per invoice (9). The C.P.R. agent upon delivering the goods asks you to sign the freight bill (10), which you will notice is made out in two parts. You will sign the form acknowledging receipt of the goods, and the agent will sign and give you the other acknowledging receipt of the payment of the freight. Make out a cheque for the amount of freight in favor of the C.P.R. Co., and place in the outgoing file. Retain the agent's receipted freight bill, and place the other in the outgoing file.

Keep a Freight account which should be closed into Merchandise account before the latter is closed.

Receive a note (11) from N. O. Hopkins for amount of bill of yesterday. Enter the particulars of the note in the bill book, bills receivable section.

Write a letter to the Import Tea Co., Limited, 110 St. Francois Xavier St., Montreal, ordering on regular terms, 25 lb. ch. Japan tea, 25 lb. ch. Oolong tea, 30 mats Java coffee, 20 bags Rio coffee.

Receive an order (12) from H. C. Austin, 482 Sussex St., City, asking you to bill at lowest cash discount rate, as he will pay at once, 5 lb. ch. Ceylon tea, 10 mats Java coffee. Make out the bill, deducting 3 per cent. Enter in sales book, add items in the first column, then place discount underneath in same column and extend only the net amount to the outer column.

Other sales today:

McLurg & Co., 126 Rideau St., City, terms on account, 5 lb. ch. Y. H. tea, 3 bales Mocha coffee, 4 bags Maracaibo coffee.

A. C. McDonald, 501 Bank St., City, on account 30 days, 5 lb. ch. Japan tea, 5 lb. ch. Oolong tea, 5 mats Java coffee, 3 bags Rio coffee.

Post and prove your cash.

October 4.

Receive goods and invoice (13) from Fraser & Co. Check and file bill. Sign the freight bill (14) and give cheque in payment of freight.

As you have run low on Maracaibo and Rio coffee, fill out an order blank, ordering of Jackson & Smith, 15 bags each of Rio and Maracaibo coffee, and 10 lb. ch. each of Japan and Oolong tea, and ask them to bill at lowest cash price. Take the bill (15) from the package, check it and write out a cheque for the net amount, and place in outgoing envelope.

Discount at the bank the note of N. O. Hopkins. Make out a discount slip after figuring the discount at the rate of 7 per cent. for the unexpired time. Receive credit from the bank for the proceeds. Keep a combined "Interest and Discount" account.

Orders received today (fill out bills):

T. R. Foster, terms 2 to, n 30, 5 lb. ch. Ceylon tea, 10 lb. ch. Y. H. tea, 3 bales Mocha coffee.

N. O. Hopkins, terms note at 30 days, 5 lb. ch. Japan tea, 5 lb. ch. Oolong tea, 5 mats Java coffee.

Write a letter to Erskine & Co., ordering 20 lb. ch. Ceylon tea, 10 lb. ch. Y. H. tea, 10 bales Mocha coffee, on their best terms.

Post and prove your cash.

October 5.

Receive goods and invoice (16) from Import Tea Co., Limited. Pay the freight by cheque and sign freight bill (17).

Sell to Lawson & Graham, 10 hf. ch. Japan tea, 10 hf. ch. Oolong tea. Bill at 3 per cent. discount and receive their cheque (18) in payment.

Receive note (19) from N. O. Hopkins for sale of yesterday.

At the request of Jackson & Smith give them your note at 30 days for the amount of their bill of the 1st inst.

Sell J. D. Plumb & Son, 118 Elgin St., City, terms 2 to, n/30, 5 hf. ch. Japan tea, 5 hf. ch. Oolong tea, 10 mats Java coffee.

To secure a shipping clerk you insert an advertisement in the Telegram, the charge for three insertions being 25c. Write out a cheque for the amount. In the space for amount write twenty-five cents, and draw a line through the printed word dollars.

Post and prove your cash.

October 6.

Send your note to the Import Tea Co., Limited, for the goods received yesterday, making it payable in 10 days at your bank here.

Draw a draft at 30 days from date on A. C. McDonald for the amount of his last purchase, and have it discounted at the bank, receiving credit for the proceeds. Your bank discounts at the rate of 7 per cent. per annum.

Received H. C. Austin's cheque (20) for the sale of the 3rd.

Sales today:

McLurg & Co., terms on account, 5 hf. ch. Japan tea, 5 hf. ch. Oolong tea, 10 mats Java coffee, 5 bags Rio coffee.

H. C. Austin, terms cash 3 per cent. discount, 5 hf. ch. Y. H. tea, 5 mats Java coffee, 5 bags Rio coffee.

A. C. McDonald, terms 2 to, n/30, 5 hf. ch. Japan tea, 5 hf. ch. Oolong tea, 5 mats Java coffee, 5 bags Rio coffee.

Order of Jackson & Smith, City, terms note at 15 days, 15 hf. ch. Japan tea, 25 hf. ch. Ceylon tea, 15 hf. ch. Oolong tea, 25 hf. ch. Y. H. tea, 10 mats Java coffee, 10 bags Rio coffee, 20 bales Mocha coffee, and 10 bags Maracaibo coffee.

Write a cheque for \$20 for your private use, and two cheques for clerks' wages. Place in outgoing papers file.

Pay carter's bill for week, \$3.25.

Deposit all cheques and cash except about \$15. The bank charges 18 per cent. for collection and exchange, no charge to be less than twenty-five cents.

Post and prove your cash. Index your ledger accounts.

Make out Report Slip, entering particulars as indicated on blank form in your supplies.

Take trial balance and submit all of your work for audit by the teacher.

#### **Locating Errors in a Trial Balance.**

If your Trial Balance does not balance the following will be of assistance in locating your errors. Be careful to work methodically and overlook nothing.

Verify addition of your Trial Balance.

See that you have not forgotten to include your cash balance.

Verify the additions of your ledger accounts and see that amounts are transferred to your Trial Balance correctly.

Test the adding of your sales, purchase, and bill books.

If a Proof Trial Balance was not made after closing ledger, see that all inventories have been brought down.

Make sure that all compound journal entries balance and that the totals of the purchase, sales, and bill books have been posted.

Find the exact difference between the sides of the Trial Balance. Ascertain whether you have an item for this amount anywhere in your work. If the difference is divisible by two, look for an item posted to the wrong side.

See that all forwarding or transferring of accounts has been done correctly. Check all posting.

October 8.

Receive the goods ordered of Jackson & Smith (21).

You take out insurance on your stock, to the amount of \$5000. Give your cheque for the amount shown on the interim receipt \$37.50 (22). This interim receipt insures your stock until the Board of Directors have considered the application and accepted it or refused it, covering a period of thirty days. After the Board passes the application, the policy will be made out and sent you. The amount you have paid is called the premium. In case of a fire loss, you will receive the amount of your loss up to the amount of the policy. If you lose \$1000 you will be paid \$1000. If you lose \$5500, which is more than the amount of insurance you have paid for, you will receive only the amount of the policy, \$5000.

Receive a cheque (23) for \$500 from McLurg & Co. Give them a receipt.

Receive a cheque (24) from H. C. Austin for the sale of the 6th.

In shipping goods by freight you make out a shipping bill in duplicate like those in your package of supplies, one being signed by the Company, which you keep or forward to your customer, and the other being used by the Company.

Receive goods and invoice (25) from Erskine & Co. Pay the freight by cheque, \$7.80.

Sales today:

F. X. Johnson, Arnprior, Ont., on account 15 days, 5 hf. ch. Japan tea, 5 hf. ch. Ceylon tea, 3 bales Mocha coffee. Fill out shipping bill.

H. T. Usher, Almonte, Ont., on account 15 days, 5 hf. ch. Y. H. tea, 5 mats Java coffee, 4 bags Maracaibo coffee. Fill out shipping bill.

T. R. Foster, City, terms 2/10, n/30, 3 hf. ch. Oolong tea, 3 bags Rio coffee, 3 bales Mocha coffee.

In response to your advertisement for a shipping clerk, the reply of L. T. Brown is the most satisfactory, and you engage him at a salary of \$10 a week, his duties beginning today.

Post and prove your cash.

October 9.

Accept the draft drawn on you (26) at 10 days' sight by Fraser & Co., for the amount of their bill received on the 4th, less 3 per cent. discount. Make the acceptance payable at the College bank here.

Give Jackson & Smith your note for the invoice of yesterday, dating it the 8th and making it payable at the College bank. Enter the note in the bill book and make journal entry for the merchandise discount.

Sales today:

Lawson & Graham, City, terms 2-10, n-30, 5 hf. ch. Ceylon tea, 3 hf. ch. Oolong tea, 3 bags Rio coffee.

R. L. Smith, Rentrew, Ont., terms note at 20 days, 5 hf. ch. Y. H. tea, 3 hf. ch. Japan tea, 3 bags Maracaibo coffee, 3 bales Mocha coffee. Fill out shipping bill.

Post and prove your cash.

October 10.

Sales today:

S. J. Rose, Smith's Falls, Ont., terms on account, 3 hf. ch. Ceylon tea, 3 hf. ch. Y. H. tea, 2 mats Java coffee, 2 bags Rio coffee. Fill out way bill.

N. O. Hopkins, City, terms note 30 days, 5 hf. ch. Oolong tea, 2 hf. ch. Japan tea, 3 bags Rio coffee, 2 bags Maracaibo coffee.

Deposit all cheques on hand. (Collection on outside cheques).

Post and prove your cash.

October 11.

Make out drafts at 10 days' sight on F. X. Johnson and H. T. Usher for bills sent them on the 8th, and leave at bank for collection.

Receive note (27) from N. O. Hopkins for sale of yesterday. Also one (28) from R. L. Smith for sale of the 6th.

Receive cheque (26) from McLurg & Co., in full of account to date. Send them a receipt in full.

Sales today:

J. D. Plumb & Son, City, terms 2-10, n-30, 3 hf. ch. Japan tea, 3 hf. ch. Ceylon tea, 3 mats Java coffee, 2 bales Mocha coffee.

H. C. Austin, City, terms cash less 3 per cent. discount, 5 hf. ch. Y. H. tea, 2 mats Maracaibo coffee.

Post and prove your cash.

October 12.

Receive cheque (30) from T. R. Foster for sale of the 2nd, less discount.

Send Erskine & Co. a bank draft which you will purchase at the bank for the amount of the invoice of the 3rd, less 3 per cent discount, plus exchange \$1.07.

Receive cheque (31) from H. C. Austin for sale of yesterday.

Sell G. C. Warner, Lacerte, Que., terms note 20 days, 2 hf. ch. Japan tea, 2 mats Oolong tea, 2 mats Java coffee, 2 bales Mocha coffee.

Mail all shipping bills.

Post and prove your cash.

October 13.

Receive cheque (32) from T. R. Foster for sale of the 4th less discount; also cheque (33) from Lawson & Graham for sale of the same date.

Receive cheque (34) from S. J. Rose for \$150 on account. Send him a receipt.

**Sales today:**

H. T. Usher, Almonte, on account 15 days, 3 hf. ch. Ceylon tea, 3 hf. ch. Y. H. tea, 3 mats Java coffee, 2 bags Rio coffee. Make out shipping bill.

S. J. Rose, Smith's Falls, on account, 3 hf. ch. Oolong tea, 1 hf. ch. Y. H. tea, 3 bags Rio coffee. Make out shipping bill.

McLurg & Co., city on account, 5 hf. ch. Japan tea, 5 hf. ch. Y. H. tea, 4 bags Mocha coffee, 3 bags Maracaibo coffee.

Deposit cheques on hand. (Collection on outside cheques).

Your carting bill for the week is \$3.50. Pay the carter, S. L. McNeely, by cheque.

Make out cheques to clerks for wages due, and one to yourself for \$20 for private use.

Hand your pass book in to be balanced.

Post and prove cash.

Take Trial Balance and fill out Report Form.

Have your books audited.

Make out Financial Statements and close Ledger. Close Private Account into Investment Account.

**Inventories:**

Furniture and Fixtures \$52.50.

Expense rent prepaid \$75; office books and stationery, \$21.25.

Advertising due \$5.40.

Insurance prepaid \$35.94.

Mdse. on hand \$3073.25.

Freight on goods on hand \$22.43.

Make proof trial balance after closing the ledger.

Submit your books, statements, and trial balance for approval.

**October 15.**

Buy an office safe from L. T. Rogers & Co., Woodstock, Ont., for \$150. Pay the freight \$9 by cheque to the C.P.R. Co. Make out a cheque for the amount of the safe (\$5) and before forwarding to Rogers & Co. have it certified at the College bank. After the cheque has been certified, place it with outgoing papers.

Purchase a bank draft for the amount due Urskine & Co., on their last invoice, less discount. Make out the cheque to cover the net amount of invoice plus exchange \$1.33.

Receive cheque (36) from J. D. Plumb & Son for sale of the 5th, less discount.

Receive G. C. Warner's note (37) for sale of the 13th, bearing interest at the legal rate.

The following orders have been received today. Make out bills but omit shipping bills, as you have had sufficient practice in making these out.

R. L. Smith, Renfrew Ont., terms note at 20 days, 5 hf. ch. Oolong tea, 5 hf. ch. Ceylon tea, 3 bags Rio coffee.

T. R. Foster, City, terms 2/10, n/30, 2 hf. ch. Japan tea, 2 hf. ch. Ceylon tea, 2 mats Java coffee.

N. O. Hopkins, City, for cash, less 3 per cent. discount, 5 bags Maracaibo coffee, 3 mats Java coffee, 3 hf. ch. Ceylon tea. Receive cash for this sale (38).

Order of the Fraser Co., Montreal, Que., terms note at 10 days for \$300 and balance on account, 20 hf. ch. Japan tea, 20 hf. ch. Oolong tea, 15 mats Java coffee, 15 bales Mocha coffee.

Post and prove your cash.

October 1.

Receive cheque (30) from A. C. McDonald for sale of the 10th, less discount.

Receive cheque (30) from S. J. Rose for \$200 on account. Send him a receipt.

Pay \$2 in currency for cleaning store.

Fill the following orders:

J. D. Plumb & Son, City, terms 2 10, n 30, 3 hf. ch. Y. H. tea, 5 hf. ch. Oolong tea, 3 mats Java coffee.

H. C. Austin, City, terms cash, less 3 per cent., 3 hf. ch. Ceylon tea, 3 bags Rio coffee, 3 bales Mocha coffee. Receive his cheque (41) in payment. Receipt the bill.

Post and prove your cash.

October 17.

Receive goods ordered of the Fraser Co. on the 15th (42). Pay the freight \$11.75.

Make out a note at 10 days for \$300, payable at your bank he. 2, and enclose in a letter to the Fraser Co.

Receive note (43) from R. L. Smith for sale of the 15th and dated the 16th.

Receive cheque (44) from S. J. Rose for balance due on his account. Send him a receipt in full.

Fill the following orders:

McLurg & Co., City, on account, 3 hf. ch. Japan tea, 3 hf. ch. Oolong tea, 3 bags Rio coffee.

A. C. McDonald, City, on account, 5 hf. ch. Oolong tea, 5 hf. ch. Japan tea, 6 bales Mocha coffee.

Deposit all cheques on hand. (Collection on outside cheques).

Post and prove your cash.

October 18.

As two bales of the Mocha coffee received yesterday from Fraser & Co. are not in saleable condition you return them and charge Fraser & Co. for the price.

Receive cheque (45) from T. R. Foster for sale of the 8th, less discount.

Receive cheque (46) from G. C. Warner to prepay his note received on the 15th.

Sales today:

R. J. Cogswell, 150 Bank St., City, terms cash less 3 per cent. discount, 2 hf. ch. Ceylon tea, 2 hf. ch. Oolong tea, 2 mats Java coffee. Receive his certified cheque (47) for the amount.

G. C. Warner, Lachute, Que., on account, 3 hf. ch. Japan tea, 2 hf. ch. Oolong tea, 3 bales Mocha coffee.

G. H. Martel, Penobrake, Ont., terms sight draft, 2 hf. ch. Y. H. tea, 3 mats Java coffee, 2 bags Maracibo coffee. Make out draft and place in the hands of your bank for collection. (No entry for draft until collected).

Order from the Import Tea Co., Montreal, Que., terms note 20 days, 25 hf. ch. Ceylon tea, 25 hf. ch. V. H. tea, 25 bags Rio coffee, 25 bags Maracaibo coffee  
Post and prove your cash.

October 18.

Purchase coal for heating store and office. Pay the bill (48) by cheque.

Receive \$200 (49) from McLurg & Co., on account. Give them a receipt.

Receive cheque (50) from Lawson & Graham for sale of the 9th less discount.

Your note favor of the Import Tea Co., is due at your bank today, and is charged to your account.

Sales today:

A. P. McKay, 210 Sparks St., City, on account, 3 hf. ch. Japan tea, 3 hf. ch. Oolong tea, 2 mats Java coffee, 5 bags Maracaibo coffee.

T. R. Foster, terms cash, 20 days, 1 cent discount, 3 hf. ch. Japan tea, 2 hf. ch. Oolong tea, 1 hf. ch. V. H. tea, 3 bales Mocha coffee. Receive his cheque (51) for the net amount.

Post and prove cash.

October 20.

Your insurance policy (52) is received. Read over carefully and then file it.

Buy \$1 worth of postage stamps. Place the currency in outgoing envelope.

Receive the goods from the Import Tea Co., (53). Pay the freight \$19. Make out a note at 20 days and place in outgoing file.

Receive cheque (54) from J. D. Plumb & Son for the sale of the 11th, less discount.

Receive memo of credit (55) from Fraser & Co. for two bales of Mocha coffee returned on the 18th.

Sale today:

Lawson & Graham, City, terms 2/10, n/30, 2 hf. ch. Ceylon tea, 5 hf. ch. V. H. tea.

Take \$20 currency for your private use and place in the outgoing file.

Pay your clerks their week's wages by cheque.

Pay carter's bill by cheque \$4.10.

Deposit all cheques on hand. (Collection on outside cheques).

Post and prove your cash.

Take Trial Balance, handing in Report Form.

October 22.

Draft drawn by Fraser & Co. and accepted on the 9th, being due today, will be charged to your account at the bank.

Receive cheque (56) from McLurg & Co. for \$200 on account. Give them a receipt.

Draft on G. H. Martel having been collected by the bank, present your bank book and receive credit for the proceeds.

Sales today:

N. O. Hopkins, City, terms note at 15 days with interest, 3 hf. ch. Japan tea, 3 hf. ch. Ceylon tea, 2 mats Java coffee. Receive his note (57).

H. C. Austin, City, terms cash less 3 per cent. discount, 2 hf. ch. Ceylon tea, 3 hf. ch. Y. H. tea, 3 bags Rio coffee. Receive his cheque (58) for the net amount.

Post and prove your cash.

October 23.

Receive cheque (59) from G. C. Warner for one-half the amount he owes on last purchase. Send him a receipt.

Receive cheque (60) from H. T. Usher for the amount of his purchase of the 13th.

Draw at sight on McLurg & Co. for the balance due on their account and leave at the bank for collection.

Sales today:

J. D. Plumb & Son, City, terms 2 10, n 30, 3 hf. ch. Ceylon tea, 2 hf. ch. Y. H. tea, 3 bags Rio coffee, 2 bags Maracaibo coffee.

T. R. Foster, City, terms draft, 2 hf. ch. Japan tea, 3 mats Java coffee, 3 bags Maracaibo coffee.

Order from Erskine & Co., Montreal, Que., terms 3 10, n 30, 20 hf. ch. Japan tea, 20 hf. ch. Oolong tea, 20 mats Java coffee, 15 bales Mocha coffee.

Buy \$1 worth of postage stamps. Pay 60 cts. for ink.

Deposit all cheques and cash except \$20. (Collection on outside cheques).

Post and prove your cash.

October 24.

Receive credit at the bank for drafts left on the 11th for collection. Have amounts credited in your bank pass book.

Pay the bill (61) of Morgan & Co., tailors, and charge to private account, \$25.

Sale today:

R. J. Cogswell, City, terms 2 10, n 30, 3 hf. ch. Ceylon tea, 3 hf. ch. Y. H. tea, 5 bags Rio coffee.

Post and prove your cash.

October 25.

Receive goods (62) from Erskine & Co. ordered on the 23rd. Pay the freight \$12.50.

Receive cheque (63) from T. R. Foster for sale of the 15th.

Order of R. J. Rock & Son, 120 Bay St., Toronto, Ont., terms cash less their usual discount 3 per cent., 25 hf. ch. Ceylon tea, 25 hf. ch. Y. H. tea.

Sales today:

Lawson & Graham, City, terms on account, 5 hf. ch. Japan tea, 5 hf. ch. Oolong tea, 5 mats Java coffee.

A. C. McDonald, on account, 3 hf. ch. Japan tea, 2 hf. ch. Oolong tea, 2 hf. ch. Ceylon tea.

Deposit the cheques on hand. (Collection on all outside cheques).

Post and prove your cash.

October 26.

Your note given Jackson & Smith on the 9th, being due today, is charged to your account at the bank.

Send certified cheque to Fraser & Co. for balance due on their invoice of Oct. 10th. Add exchange in the cheque so the payee will not have any collection charges to pay. Get the cheque certified at the College bank as in the former case.

Receive cheque (64) from J. D. Plumb & Son for sale of the 16th, less discount.  
Sales today:

McLurg & Co., City, terms cash \$100, balance on account, 3 hf. ch. Ceylon tea, 3 hf. ch. Y. H. tea, 5 bales Mocha coffee. Receive cash \$100 (65) in part payment. Credit the payment on the bill.

F. X. Johnson, Arnprior, Ont., terms on account 30 days, 3 mats Java coffee, 5 bags Maracaibo coffee, 3 hf. ch. Oolong tea.

Post and prove your cash.

October 27.

Receive credit at the bank for draft on McLurg & Co., left for collection on the 23rd.

Order from Jackson & Smith, the goods being received today, terms on account, 15 hf. ch. Japan tea, 15 hf. ch. Oolong tea (66).

Give Jackson & Smith on account a draft on T. R. Foster for balance due from him.

Sell S. J. Rose, Smith's Falls, terms cash less 3 per cent. discount, 3 mats Java coffee, 3 bales Mocha coffee, 3 hf. ch. Oolong tea.

Make out cheques to your clerks for wages due. Make another in your own favor for \$20 for private expenses.

Pay \$2.50 by cheque to Mrs. B. W. Gage for scrubbing and cleaning.  
Deposit all cheques.

Post and prove your cash.

Make trial balance and fill out report and submit your work for approval.

October 29.

Receive \$100 cash (67) from McLurg & Co. on account. Give them a receipt.  
Sales today:

R. L. Smith, Renfrew, Ont., terms cash \$100 balance note 30 days, 3 hf. ch. Japan tea, 2 hf. ch. Ceylon tea, 3 bags Rio coffee, 3 bags Maracaibo coffee. Receive cash (68) and credit on bill.

H. T. Usher, Almonte, Ont., terms 2 to, n 30, 3 hf. ch. Japan tea, 3 hf. ch. Oolong tea, 3 mats Java coffee, 2 bales Mocha coffee.

Post and prove your cash.

October 30.

Received goods from R. J. Rock & Son ordered on the 25th (69). Pay freight to C. P. R. Co. by cheque, \$0.75. Send Rock & Son your cheque in full.

Your note favor of Fraser & Co., due today, is charged at the bank.

Receive cheque (70) from Lawson & Graham for sale of the 20th.

**Sales today:**

R. J. Cogswell, City, terms 2/10, n/30, 5 hf. ch. Ceylon tea, 5 hf. ch. Y. H. tea, 5 bags Rio coffee.

A. P. McKay, City, terms note at 15 days, 3 hf. ch. Japan tea, 2 hf. ch. Ceylon tea, 3 bags Maracaibo coffee.

Post and prove your cash.

**October 31.**

Receive cheque (71) from S. J. Rose for sale of the 27th.

Receive note (72) from R. L. Smith for balance of sale of the 29th.

Receive note (73) from A. P. McKay for sale of yesterday.

Give Jackson & Smith a draft on A. C. McDonald for balance due on sale of the 17th. Write a letter advising Mr. McDonald that you have drawn on him, requesting him to honor the draft on presentation.

Pay Electric Light bill by cheque \$1.20 (74).

**Sales today:**

H. C. Austin, City, terms 2/10, n/30, 3 hf. ch. Oolong tea, 3 hf. ch. Y. H. tea, 2 bales Mocha coffee.

J. D. Plumb & Son, City, terms 2/10, n/30, 4 hf. ch. Ceylon tea, 3 hf. ch. Y. H. tea, 3 bags Maracaibo coffee.

Leave R. L. Smith's note, due tomorrow, at bank for collection. Write "For collection on account" above your signature as an endorsement.

Render statements of account to all debtors.

Deposit cheques on hand and all currency except about \$50. Leave your bank pass book at bank to be balanced.

Post and prove your cash.

Make trial balance and fill out report. Have your work verified.

Make Financial Statements and close the Ledger.

**Inventories:**

**Expense**

Office Books and Stationery, \$10; Coal, \$30.25; Clerk's wages due \$15.

Insurance prepaid, \$34.37.

Advertising due, \$14.70.

Furniture and Fixtures, \$200.50.

Mdse. on hand, \$4300.55.

Freight on goods on hand, \$33.85.

Interest on Notes Rec.

Make proof trial balance after closing the ledger.

Submit your books, statements, and trial balance for approval.

**ENDORSEMENTS.**

**1. BLANK ENDORSEMENT:** The Signature only, written across the back of a negotiable instrument is called a Blank Endorsement; holds the endorser liable for payment; and the paper is transferable, thereafter, simply by delivery.

**2. FULL or SPECIAL ENDORSEMENT:**

Pay to the order of  
R. A. Smith  
B. A. Student.

Pay R. A. Smith  
or order  
B. A. Student.

Pay R. A. Smith  
B. A. Student.

These endorsements are similar in effect, and constitute a Full Endorsement, sometimes called Special Endorsement.

Should you receive a negotiable paper endorsed in blank, you are legally entitled to make it payable to your own order, writing the necessary words above the endorsed signature. This changes it to a Full Endorsement. The liability of the endorser is not changed in any way thereby.

**3. RESTRICTIVE ENDORSEMENT:**

Pay R. A. Smith only  
B. A. Student.

Where it is desired to restrict payment to the transferee, endorsement is made in the foregoing form. The paper so endorsed becomes non-negotiable thereafter.

- (a) For collection or account of  
B. A. Student.
- (b) For discount to the credit of  
B. A. Student.
- (c) For deposit to the credit of  
B. A. Student.

Where the proprietor or manager of a concern endorses papers to be taken to the bank by subordinates, endorsing in the manner shown above prevents the papers so endorsed from being used otherwise than as stated in the specific endorsement.

- (d) For deposit to the credit of  
B. A. Student.  
J. C. Jones.
- (e) T. J. Kidd is hereby identified  
B. A. Student.
- (f) For identification only  
B. A. Student.

The first form (d) shown above indicates the method of endorsement used when an employee wishes to deposit cheques to the credit of his employer, when the employer is not on hand to make the endorsement. In endorsements (e) and (f), the holder of a paper to whom it is payable is identified, and the person so identifying the payee incurs no liability thereby. Banks, Express Companies, and others will not make payment of paper to a person unknown to them, but require that the holder of the paper be identified by some one with whom they are acquainted.

**4. QUALIFIED ENDORSEMENT:**

Without recourse to me  
B. A. Student.

This form of endorsement serves to negotiate the bill, and at the same time, the endorser is freed from liability for payment.

**5. ENDORSEMENT OF PARTIAL PAYMENT:**

Received on the within note  
July 11, 1909, \$25.  
Aug. 11, 1909, \$25.

When partial payments are made on a note the maker should see that the payments are endorsed on the note, as shown herewith. The holder of the note should not sign his name in connection with the payment as such would constitute a Blank Endorsement. Should he, thereafter, lose the paper, it could be collected by the bearer, as the Blank Endorsement makes it payable to the bearer. Never make a payment on a note to anyone but the actual holder, and make sure that the payment is endorsed on the note before you leave.

## BUSINESS PRACTICE.

Set 2, Continued.

November 1.

Pay rent for the month of November by cheque.

Receive statement of account (75) from Erskine & Co. Check it over to see whether it is correct.

Sales today:

H. K. White, Almonte, Ont., terms 2 to, n/30, 3 hf. ch. Ceylon tea, 2 hf. ch. Y. H. tea, 2 bales Mocha coffee.

D. H. Flegg, Renfrew, Ont., terms note at 20 days from date of invoice, 2 hf. ch. Japan tea, 1 hf. ch. Ceylon tea, 2 mats Java coffee.

Receive statement of advertising (76) for October from Ottawa Telegram. Pay by cheque.

Post and prove cash.

November 2.

Receive cheque (77) from G. C. Warner for balance of his purchase of Oct. 18.

Receive cheque (78) from J. D. Plumb & Son for sale of Oct. 23rd, less discount.

Receive credit at the bank for R. L. Smith's note collected, less collection charges.

Purchase a horse and wagon and a set of harness from R. A. Goodwin for \$225. Give him a cheque for the amount and take his receipt (79).

Buy of A. J. Stitt, 1 ton hay at \$15, and 5 bush. oats at 32c a bush. Give him a cheque in payment.

Sales today:

S. J. Rose, Smith's Falls, terms 2 to, n/30, 3 hf. ch. Y. H. tea, 3 bales Mocha coffee.

T. R. Foster, City, terms 2 to, n/30, 3 hf. ch. Ceylon tea, 2 hf. ch. Oolong tea.

Post and prove cash.

November 3.

Receive cheque (80) from A. C. McDonald for balance due on his account.

Received cheque (81) from R. J. Cogswell for sale of Oct. 24th, less discount.

Send Erskine & Co. a bank draft for goods received October 25, less discount. Exchange 18 per cent.

Receive note (82) from D. H. Flegg for sale of the 1st.

Sales today:

A. H. Smiley, Paiknham, Ont., terms note at 10 days from date of invoice, 2 hf. ch. Ceylon tea, 3 hf. ch. Y. H. tea, 2 bags Maracaibo coffee.

B. C. Gray, Cobden, Ont., terms 2 to, n/30, 2 mats Java coffee, 2 bags Rio coffee.

Pay wages due and take cheque for \$20 for your private expenses.

Deposit all cheques. (Collection).

Post and prove cash.

Make trial balance and report, and have same checked by teacher.

November 5.

Hire H. D. Thorn as driver at \$8 a week.

Receive cheque (\$3) from Laws on & Graham for sale of Oct. 25, less discount.

Sales today:

E. L. Barber, Lamark, Ont., terms 2 to, n 30, 3 lb. ch. Japan tea, 3 lb. ch. Ceylon tea.

N. O. Hopkins, City, terms note at 20 days, 3 lb. ch. Y. H. tea, 3 bales Mocha coffee.

Leave note of N. O. Hopkins, due tomorrow, at the bank for collection.

Pay \$1 for postage stamps and \$1 for brooms and soap.

Post and prove cash.

November 6.

Draw at sight on McLurg & Co., for balance due by them. Write a letter notifying them that you have drawn on them and requesting them to honor the draft on presentation.

Receive credit at the bank for note of N. O. Hopkins left for collection.

Receive cheque (\$4) from A. P. McKay for sale of Oct. 10.

Received note (\$5) from A. H. Smiley for sale of the 3rd.

Sales today:

C. M. Hall, Eganville, Ont., subject to draft at 15 days from date of invoice, 4 lb. ch. Ceylon tea, 4 lb. ch. Y. H. tea, 3 bales Mocha coffee. Make out draft and leave at bank for collection.

J. G. Clarke, Russell, Ont., on account, 3 lb. ch. Japan tea, 2 lb. ch. Oolong tea, 2 bales Mocha coffee.

Post and prove cash.

November 7.

Note due Jackson & Smith is today charged to your account at the bank.

Receive note (\$6) from N. O. Hopkins for sale of the 5th.

Leave note of R. L. Smith, due tomorrow, at the bank for collection.

Sale today:

L. N. Miller, Buckingham, Que., on account, 3 lb. ch. Japan tea, 3 lb. ch. Ceylon tea, 2 lb. ch. Oolong tea, 3 lb. ch. Y. H. tea, 2 mats Java coffee, 2 bags Kio coffee.

Post and prove cash.

November 8.

Receive credit at the bank for R. L. Smith's note left yesterday for collection.

Receive cheque (\$7) from H. L. Usher for sale of Oct. 29, less discount.

Pay for cleaning store \$2.

Sell for cash (\$8), 1 bale Mocha coffee.

Sales today:

S. A. Ross, Cumberland, Ont., terms 2 to, n 30, 2 lb. ch. Japan tea, 2 lb. ch. Ceylon tea.

G. H. Martel, Pembroke, Ont., terms draft at 10 days less 3 per cent. discount, 2 hf. ch. Y. H. tea, 2 bags Maracaibo coffee. Make out draft and leave at bank for collection.

Post and prove cash.

November 9.

Receive cheque (80) from N. O. Hopkins for note due today, plus interest.

Receive cheque (90) from R. J. Cogswell for sale of Oct. 30, less discount.

N. O. Hopkins returns 1 bale Y. H. tea sold to him on the 5th, same being damaged. As the tea is of no use, charge to Loss and Gain.

Order from Import Tea Co., terms 3 10, n 30, 5 hf. ch. Japan tea, 5 mats Java coffee, 5 bales Rio coffee.

Sale today:

T. R. Foster, City, 2 10, n 30, 2 mats Java coffee, 2 hf. ch. Japan tea.

Post and prove cash.

November 10.

Receive cheque (91) from H. C. Austin for sale of Oct. 31, less discount.

Receive cheque (92) from J. D. Plumb & Son for sale of Oct. 31, less discount.

Sale today:

C. P. Holland, Prescott, Ont., terms 2 10, 1 20, n 30, 3 hf. ch. Ceylon tea, 2 hf. ch. Oolong tea.

Pay by cheque bill of Morgan & Co. for overcoat and charge to private account, \$30.

Pay wages and take cheque for private use \$25.

Post and prove cash.

Make trial balance and report, and submit work for inspection.

November 12.

N. O. Hopkins sends a new note (93) for 30 days at 5 per cent interest to retire his note due today.

The note of The Import Tea Co., given Oct. 20, is due today. Send them a certified cheque for \$1000 and a new note at 20 days for the balance at 5 per cent. interest.

Receive cheque (94) from H. K. White for sale of the 1st, less discount.

Receive cheque (95) from S. J. Rose for sale of the 2nd, less discount.

Receive cheque (96) from T. R. Foster for sale of the 2nd, less discount.

Receive invoice (97) and goods from The Import Tea Co., ordered on the 9th. Pay the freight bill by cheque \$2.75.

Sale today:

McLurg & Co., City, 2 10, n 30, 2 hf. ch. Japan tea, 2 hf. ch. Oolong tea, 2 mats Java coffee.

W. E. Brown, Merrickville, Ont., terms 2 10, n 30, 3 hf. ch. Y. H. tea, 2 bags Rio coffee.

R. L. Marshall, Morrisburg, Ont., 2 10, n 30, 2 hf. ch. Ceylon tea, 2 bags Rio coffee.

Post and prove cash.

November 13.

Receive cheque (98) from B. C. Gray for sale of the 3rd.

Sale today:

F. X. Johnston, Arnprior, Ont., terms 2 hf. n 30, 3 hf. ch. Japan tea, 2 hf. ch. Ceylon tea.

Post and prove cash.

November 14.

Order from Jackson & Smith, 5 hf. ch. Japan tea, 5 mats Java coffee, 5 bales Mocha coffee.

Sale today:

H. C. Austin, City, terms cash less 3 per cent., 2 hf ch. Japan tea, 3 hf. ch. Oolong tea, 2 mats Java coffee. Receive his cheque (99) for the net amount.

A. C. McDonald, City, on account, 2 hf. ch. Ceylon tea, 2 hf. ch. Y. H. tea, 2 bales Mocha coffee.

Post and prove cash.

November 15.

Receive goods (100) from Jackson & Smith.

Receive cheque (101) from E. L. Barber for sale of the 5th, less discount.

Sale today:

P. J. Duncan, Cornwall, Ont. terms on account, 2 hf. ch. Japan tea, 2 hf. ch. Y. H. tea, 2 bags Maracaibo coffee.

Deposit cheques on hand and have bank pass book balanced.

Leave A. H. Smiley's note, due tomorrow, at bank for collection.

Post and prove cash.

Make trial balance and report. Submit work for approval.

Make Financial Statements and close the ledger.

Inventories:

Furniture and Fixtures, \$198.50.

Expense:

Coal, \$20. Office Books and Stationery, \$14.50. Wages due, (4 days)

\$20. Rent prepaid, \$75.

Insurance, \$32.81.

Freight on Inv'ty, \$13.38.

Mdse. on hand, \$1800.65.

Interest on Notes Rec.

Interest on Notes Pav.

Advertising, \$6.30.

Horse and Wagon, \$220; Driver's wages due, \$5.33.

Make proof Trial Balance and present with books for approval.

November 16.

Accept draft (102) drawn on you by Jackson & Smith for \$200 at 10 days' sight favor J. R. Jones & Co.

Receive credit at the bank for A. H. Smiley's note due today.

Order of the Import Tea Co., Montreal, Que., terms note at 30 days, 25 ht.  
ch. Japan tea, 25 ht. ch. Ceylon tea, 25 ht. ch. Oolong tea 25 ht. ch. Y. H. tea

Sales today:

A. Drummond & Son, Kemptville, Ont., 2 ro, n 30, 2 hf. ch. Japan tea, 2  
bales Mocha coffee.

A. P. McKay, City, terms 2 ro, n 30, 2 hf. ch. Oolong tea, 1 mat Java coffee,  
1 bag Rio coffee.

Post and prove cash.

November 17.

Receive cheque (103) from A. P. McKay for his note due today.

Bought 1 ton hay \$15, 5 bush. oats at 32 cts. a bush., 2 cwt. bran \$1.00.  
Pay cash for same.

Pay for shoeing horse, \$1.00.

L. N. Miller having failed and compromised with his creditors at 50c on the  
\$1, sends us his cheque (104) through his assignee for half the amount due us.

Sales today:

W. J. Carter & Co., Alexandria, Ont., terms 2 ro, n 30, 2 hf. ch. Japan tea,  
2 ht. ch. Y. H. tea, 1 mat Java coffee, 1 bale Mocha coffee.

G. C. Warner, Lachute, Que., on account, 3 hf. ch. Ceylon tea, 3 hf. ch.  
Y. H. tea, 3 bags Rio coffee.

Order from Fraser & Co., Montreal, Que., terms 3 ro, n 30, 10 hf. ch. Japan  
tea, 10 ht. ch. Ceylon tea, 10 hf. ch. Oolong tea, 10 hf. ch. Y. H. tea.

Pay wages for the week and make out cheque for \$20 for your private use.

Deposit all cheques on hand.

Post and prove cash.

Make trial balance and report, and have your work audited.

November 18.

Receive cheque (105) from S. A. Ross for sale of the 8th, less discount.

Receive cheque (106) from T. R. Foster for sale of the 9th, less discount.

Receive goods (107) from the Import Tea Co., ordered on the 10th. Pay the  
freight \$12.75. Make out your note for the amount of the bill to be forwarded to  
them.

Sales today:

C. W. Caldwell, Shawville, Que., on account, 3 mats Java coffee, 2 bags  
Rio coffee.

R. L. Smith, Renfrew, Ont., on account, 2 hf. ch. Japan tea, 3 hf. ch.  
Ceylon tea.

Post and prove cash.

November 19.

Receive the goods (108) ordered of Fraser & Co. on the 17th. Pay the freight  
bill by cheque, \$5.10.

Send the Import Tea Co., in payment of invoice of the 10th, a bank draft  
which you will purchase at the College bank, exchange + 8 per cent., discount on  
bill 3 per cent.

**Sales today:**

H. K. White, Almonte, Ont., terms 2/10, n/30, 2 hf. ch. Y.H. tea, 3 bales Mocha coffee.

D. H. Flegg, Renfrew, Ont., terms 2/10, n/30, 2 hf. ch. Japan tea, 2 bags Maracaibo coffee.

A. H. Smiley, Pakenham, Ont., 2/10, 3 hf. ch. Ceylon tea, 2 bags Rio coffee  
Post and prove cash.

**November 21.**

Receive credit at the bank for G. H. Martel's draft, left for collection on the 8th.

R. L. Smith not being able to pay his note due today sends a new note at 20 days with interest (100).

**Sales today:**

B. C. Gray, Cobden, Ont., terms 2/10, 2 hf. ch. Oolong tea, 2 bales Mocha coffee, 1 bag Maracaibo coffee.

C. M. Hall, Egansville, Ont., 2/10, n/30, 3 hf. ch. Japan tea, 3 mats Java coffee

Order from Erskine & Co., Montreal, Que., terms note at 10 days, 10 mats Java coffee, 10 bags Rio coffee.

Post and prove cash.

**November 22.**

Receive cheques from McLurg & Co., (110), W. E. Brown, (111), and R. L. Marshall, (112), for sales of the 12th, less discount.

Order from R. J. Rock & Son, Toronto, Ont., terms 4/10, n/30, 10 bales Mocha coffee, 10 bags Maracaibo coffee.

Buy postage stamps \$1.

Pay \$2 for cleaning store.

Give \$10 as donation to hospital.

**Sales today:**

Lawson & Graham, City, 2/10, n/30, 2 hf. ch. Japan tea, 2 hf. ch. Oolong tea, 2 bags Maracaibo coffee.

R. J. Cogswell, City, 2/10, n/30, 2 mats Java coffee, 2 bales Mocha coffee.

Post and prove cash.

**November 23.**

Leave D. H. Flegg's note at the bank for collection.

Receive cheque (113) from F. X. Johnson for sale of the 13th, less discount.

Draw a draft on A. C. McDonald at 10 days' sight for the amount of sale of the 14th, less 3 per cent, and discount the draft at the bank receiving credit for the proceeds.

Donate 1 hf. ch. Japan tea to the Labor Union picnic committee.

**Sales today:**

C. P. Holland, Prescott, Ont., terms note at 30 days, 2 hf. ch. Oolong tea, 3 hf. ch. Y.H. tea.

J. L. Marshall, Morrisburg, Ont., 2/10, n/30, 2 hf. ch. Japan tea, 2 hf. ch. op. te.

Post and prove cash.

Post and prove cash.

November 24.

Prepay your note forwarded to the Import Tea Co. on the 10th. Make out your cheque for the face of the note, less discount.

Receive goods (115) from Erskine & Co., ordered on the 21st. Pay the freight bill \$4.00.

Receive cheque (116) from J. G. Clarke, for the amount of sale on the 6th.

Draw at sight on P. L. Duncan and G. C. Warner for amount due by them and leave at the bank for collection.

Sale today:

A. Drummond & Son, Kemptville, Ont., 2'10, n 30, 2 mats Java coffee, 2 bags Rio coffee.

Pay wages due by cheque, also make cheque for \$20 for your private expenses.  
Deposit all cheques on hand.

Post and prove cash.

Make trial balance and report, and have your work audited.

November 25.

Receive credit at the bank for draft on C. M. Hall, left Nov. 6, for collection.

Receive note (117) from C. P. Holland for sale of the 23rd.

Receive cheques from A. Drummond & Son (118), and A. P. McKay (119), for sales of the 10th, less discount.

Receive goods (120) from R. J. Rock, ordered on the 22nd. Pay freight bill \$8.25.

The bank reports that D. H. Flegg has failed to meet his note due on the 23rd, and it has been protested. Protest fee \$1, which the bank has charged against you. Charge the protest fee and note to Flegg.

Sales today:

E. L. Barber, Lamark, Ont., 2'10, n 30, 3 hf. ch. Oolong tea, 2 mats Java coffee.

G. H. Martel, Pembroke, Ont., 2 hf. ch. Y. H. tea, 3 bales Mocha coffee.

Post and prove cash.

November 27.

Leave note of N. O. Hopkins due tomorrow at bank for collection.

Receive cheque (121) from W. J. Carter & Co. for sale of the 17th, less discount.

Sales today:

Cash, 1 bag Maracubie coffee (122).

S. J. Rose, Smith's Falls, Ont., on account, 2 bales Mocha coffee, 2 hf. ch. Oolong tea.

E. J. Heide, Maxville, Ont., terms 2'10, n 30, 5 hf. ch. Japan tea, 5 hf. ch. Ceylon tea.

Post and prove cash.

November 28.

A. A. Fellows presents an order (123) by Jackson & Smith for \$50, payable in goods. He wishes 2 hf. ch. Oolong tea, which you deliver to him.

Receive credit for N. O. Hopkins' note left at bank for collection.

Sales today:

H. T. Usher, Almonte, Ont., 2'10, n'30, 2 hf. ch. Y. H. tea, 2 bags Rio coffee.

R. J. Black, Aylmer, Que., terms note at 30 days, 5 hf. ch. Oolong tea, 5 hf. ch. Y. H. tea.

Post and prove cash.

November 29.

The draft favor Jackson & Smith due today is charged to your account at the bank.

Receive note (124) from R. J. Black for sale of yesterday. Discount the note at your bank.

Sales today:

D. K. Ellams, Carleton Place, Ont., terms on account, 3 hf. ch. Ceylon tea, 3 hf. ch. Y. H. tea, 2 bales Mocha coffee.

J. D. Plumb & Son, City, 2'10, n'30, 2 mats Java coffee, 2 bags Maracaibo coffee.

Post and prove cash.

November 30.

Receive cheque (125) from C. P. Holland for sale of the 10th, less discount.

Receive cheque (126) from H. K. White for sale of the 20th, less discount.

D. H. Flegg forwards his cheque (127) for the amount of his note and protest fee charged to his account on the 26th.

Sales today:

A. Drummond & Son, Kemptville, Ont., terms 2'10, n'30, 2 hf. ch. Japan tea, 2 hf. ch. Oolong tea, 2 bags Maracaibo coffee.

W. E. Brown, Merrickville, Ont., 2'10, n'30, 2 hf. ch. Ceylon tea, 2 bales Mocha coffee.

Render statements of account to all debtors.

Deposit all cheques and currency on hand. Have your bank pass book balanced.

Post and prove cash, take Trial Balance and fill out Report Form. Have your work audited.

Make Financial Statements and close ledger.

Inventories:

Expense: Clerks' wages due \$25; coal, \$21.75; books and office stationery, \$13. Electric Light bill not being in, estimate amount due as \$1.20

Insurance prepaid \$31.25.

Freight on goods on hand \$16.86.

Mdse. on hand \$2385.25.

Interest on Bills Rec.

Interest on Bills Pay.

Advertising due \$11.70.

Horse and wagon, \$220; Feed \$5; Driver's wages due \$6.07.



**Furniture and Fixtures \$196.50.**

**Loss and Gain:**

Estimated loss on Personal Accounts Receivable, 5 per cent. (Enter this as a Loss (Lia.) Inventory in Loss and Gain account. The personal accounts remain unchanged, this allowance being carried forward as a provision for losses on these accounts).

Make Proof Trial Balance and prepare all papers in your files for examination and audit. Endeavor to arrange the papers according to a well thought-out plan. It will be an opportunity to demonstrate how successfully you can "use your head" in meeting office conditions. Present your papers and books for approval.

While your books and papers are being examined, work the exercises contained in the following lesson in preparation for your examination on Grade One.

**LESSON TWENTY-SEVEN.**  
**SUPPLEMENTARY EXERCISES.**

Make Financial Statements from the information contained in the following Trial Balances:

1.	Cash	\$3604.16	\$
	Mdse., (Inventory \$800)	5000.00	5620.00
	Real Estate	10000.00	12000.00
	Roht. Smith, Prop.	1500.00	
	Wm. Armstrong		1750.00
	Expense	1200.00	
	Bills Receivable	2000.00	
	Bills Payable		1500.00
	A. K. Fraser		2934.16
	C. B. May	500.00	
2.	J. B. Flegg, Prop.	\$ 293.75	
	M. R. Tracey	186.70	
	Wm. Ramsay	222.50	
	S. T. James	352.42	
	Bills Payable		2500.00
	Cash	1821.50	
	Mdse., (Inventory \$500)	8250.00	8071.45
	Expense	175.50	
	F. N. Johnson		247.83
	T. D. Shaver	350.00	
	Bills Receivable	171.50	
	Thos. Jackson		104.59
3.	W. J. Jones, Prop.	\$9000.00	
	H. J. Kennedy		7925.00
	J. D. Ellis	318.20	
	S. A. Barclay	350.00	
	A. C. Paul		267.45
	L. V. Russell	192.00	
	Hopkins Hardware Co.		523.85
	B. S. Hogan	95.75	
	R. L. Sweeney	427.35	

G. J. Stewart	23.41	
S. F. Poole	130.00	
H. W. Loveday	52.88	
J. Montgomery	132.24	
L. A. Dawson	37.55	
H. E. Lewis	216.50	
C. V. Fletcher	107.40	
Mdse. (Inventory \$300)	6109.50	2807.37
Bills Receivable	1020.20	
Bills Payable		
Cash	5881.84	575.00
Real Estate (Inventory \$5000)	5000.00	
Expense (Inv. \$183.50)	403.85	
Mdse. Discount	148.00	302.90
Furniture and Fixtures (Inv. \$200)	214.30	
 4. Grocery Account		
Dry Goods Account	\$28942.75	\$23594.62
Bills Receivable	31250.80	25941.15
Bills Payable	937.85	
Interest	61.40	505.20
Furniture and Fixtures	647.00	42.19
Accounts Receivable	5880.10	58.00
Accounts Payable		
Expense	7175.60	1778.75
Cash	1258.60	
V. R. Warner, Prop.		24189.19
Inventories:		
Groceries		
Dry Goods	10673.85	
Furniture and Fixtures	14947.50	
Expense Materials, etc.	575.00	
	59.70	
 5. Cash		
Produce	\$1350.21	\$
Furniture and Fixtures	77045.35	79954.75
Expense	650.00	
Freight	1745.70	
Bills Receivable	540.90	
Bills Payable	409.96	
Loss and Gain	180.00	668.55
Interest	31.50	21.10
First Nat. Bank Stock (\$1250)	1235.40	62.05
Accounts Receivable		
Accounts Payable	170.90	
C. D. Ryan, Prop.		232.25
L. I. Digby, Prop.		3328.13
C. D. Ryan, Personal		3375.24
L. I. Digby, Personal	1791.15	
	1825.00	
Inventories:		
Produce	5382.00	
Furniture and Fixtures	600.00	
Expense	125.70	
Interest on Bills Receivable	18.20	
Interest on Bills Payable	47.50	
First Nat. Bank Stock	1250.00	

## OPENING JOURNAL ENTRIES.

6. R. A. Foster begins business with the following resources and liabilities:

Resources: Cash \$1575, Merchandise \$345.50, note against R. T. Goodwin for \$210, Building and Lot, L. St., valued at \$6500, L. T. Borden owes him on account \$280.40, T. A. Bay owes him \$125.

Liabilities: Note favor Watson & Co. \$200, he owes Hay & Graham \$250.80.

7. J. G. McKay begins business with the following resources and liabilities:

Resources: Cash \$4000, Merchandise \$500, notes on hand \$1500, accrued interest due on these notes \$47.24, Building and Lot, Bank St., \$6800, rent due on Bank St. property \$250, Furniture and Fixtures \$150, Horse and Wagon \$350.

Liabilities: Notes outstanding \$2000, accrued interest on these notes \$62.80. He owes T. P. Clarke \$490 and R. E. Harris \$800.

8. T. J. Walker begins business with the following resources and liabilities:

He invests cash \$4000. Notes Receivable \$800, Merchandise \$2950.

He owes on notes \$400. Interest due on these notes \$16.80.

9. A. H. Davis engages in business with resources and liabilities as follows:

Resources: Cash \$350, Merchandise \$4562.92, Furniture and Fixtures \$285.50 Notes on hand \$350.40.

He owes the Montreal Hardware Co. \$375, and J. P. Small \$50. Notes outstanding \$650.20.

Prepare entries in journal form for the following transactions:

10. On April 29 you transfer a 60-day acceptance of Smith & Co. for \$300, which was accepted April 14, to Jones & Clarke on account, less discount to maturity.

11. You have on hand a note made by Williams & Sons on Dec. 31, at 2 months in favor of the Jones Manufacturing Co. for \$950. On January 12 you transfer the note to Brown & Johnson on account, less discount to maturity.

12. On Sept. 24 you received two notes from Gage & Co. dated same day, one for \$2000 at 60 days, the other for \$1000 at 90 days. On Oct. 25 you transferred the notes to William Robertson & Son, less discount to maturity.

13. You have on hand a note issued by the Fraser Coal Co. on March 17 at four months, with interest, for \$1250.60. On March 31 you transfer it to the Edwards Foundry Co. on account, less discount to maturity.

14. On Nov. 30 you receive a note for \$730, less discount to maturity, from C. A. Randall, which was made on Nov. 5 at 90 days, with interest at 4 per cent. (a) Make a journal entry to include the note receivable. (b) Make journal entry for the interest and discount when the plan of putting the note through the bill-book is followed.

15. On Dec. 12 you transfer the fore-going note less discount to maturity, to Harkness & Emerson.

16. On June 6 you receive a note for \$450, less discount to maturity, from A. P. Swan on account, dated May 3, at 60 days with interest. (a) Show entry putting the note through journal. (b) Show journal entry for the interest and discount where note is put through bill-book alone.

17. R. T. Fraser claims a shortage of \$15 worth of goods in your last shipment to him.

18. You receive a memo. of credit from Sadler & Rogers for allowance of \$18 as an overcharge on his last bill.
19. You discover that \$153.60 which should have been credited to R. M. Loux was credited by mistake to R. M. Lennox.
20. You find that a sale of \$150 worth of goods has been charged to T. D. Box instead of H. A. Palmer.
21. After closing your books you find that an item for \$271.45, which should have been included in the merchandise inventory has been omitted. Make an entry that will correct the matter without re-opening Loss and Gain account.
22. It is found after closing a set of books that an invoice from Fraser & Co. for \$479.00 was not entered but the goods have been included in the inventory.
23. A private debt of \$200 to T. L. Jackson is assumed by the business.
24. A note of \$65 made by A. B. Brown is considered worthless and it is decided to write it off the books.
25. Your clerk, A. G. Attwood, having received several advances in cash and goods during the month, how should his monthly salary of \$50 be treated?
26. Received furniture from Greenfield & Co., billed at \$140, on which you are to have three months' time.

#### EXAMINATION.

Before proceeding to Grade Two, you will try a searching examination on the ground covered in Grade One. Prepare yourself thoroughly for it by reviewing the principles from the beginning. When your teacher considers you prepared for it, you will be given the paper.

Aim to get full marks.

It pays to be thorough

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